

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.



中国建设银行
China Construction Bank

中國建設銀行股份有限公司

CHINA CONSTRUCTION BANK CORPORATION

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 939)

INTERIM RESULTS ANNOUNCEMENT

For the Six Months Ended 30 June 2015

The board of directors of China Construction Bank Corporation (the “Bank”) is pleased to announce the unaudited consolidated interim results of the Bank and its subsidiaries (the “Group”) for the six months ended 30 June 2015, prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules of Hong Kong Stock Exchange”) and International Accounting Standard 34 “Interim Financial Reporting”. The interim results have been reviewed by the audit committee and external auditors of the Bank.

SUMMARY OF INTERIM RESULTS 2015

The financial information set forth in this half-year report is prepared on a consolidated basis in accordance with the IFRS, and expressed in RMB unless otherwise stated.

(Expressed in millions of RMB unless otherwise stated)	Six months ended 30 June 2015	Six months ended 30 June 2014	Six months ended 30 June 2013
For the period			
Net interest income	224,619	211,292	187,660
Net fee and commission income	63,645	60,180	55,524
Operating income	297,817	276,727	252,307
Profit before tax	169,207	169,516	155,189
Net profit	132,244	130,970	119,964
Net profit attributable to equity shareholders of the Bank	131,895	130,662	119,711
Per share (in RMB)			
Basic and diluted earnings per share	0.53	0.52	0.48
Profitability indicators (%)			
Annualised return on average assets ¹	1.51	1.65	1.66
Annualised return on average equity	20.18	22.97	23.90
Net interest spread	2.48	2.62	2.54
Net interest margin	2.67	2.80	2.71
Net fee and commission income to operating income	21.37	21.75	22.01
Cost-to-income ratio ²	23.23	24.18	24.63
Loan-to-deposit ratio	74.16	70.93	66.63

1. Calculated by dividing net profit by the average of total assets at the beginning and end of the period and then listed in annualised figures.
2. Operating expenses (after deductions of business taxes and surcharges) divided by operating income.

(Expressed in millions of RMB unless otherwise stated)	As at 30 June 2015	As at 31 December 2014	As at 31 December 2013
As at the end of the period			
Gross loans and advances to customers	10,157,079	9,474,523	8,590,057
Allowances for impairment losses on loans	(267,483)	(251,613)	(228,696)
Total assets	18,219,186	16,744,130	15,363,210
Deposits from customers	13,696,977	12,898,675	12,223,037
Total liabilities	16,906,736	15,491,767	14,288,881
Total equity attributable to equity shareholders of the Bank	1,301,430	1,242,179	1,065,951
Qualifying common share capital	250,011	250,011	250,011
Total capital after deductions ¹	1,542,123	1,516,928	1,316,724
Risk-weighted assets ¹	10,490,649	10,203,643	9,872,790
Per share (in RMB)			
Net assets per share	5.25	5.01	4.30
Capital adequacy indicators (%)			
Common Equity Tier 1 ratio ¹	12.35	12.12	10.75
Tier 1 ratio ¹	12.35	12.12	10.75
Total capital ratio ¹	14.70	14.87	13.34
Total equity to total assets	7.20	7.48	6.99
Asset quality indicators (%)			
Non-performing loan ratio	1.42	1.19	0.99
Allowances to non-performing loans	185.29	222.33	268.22
Allowances to total loans	2.63	2.66	2.66

1. Capital adequacy ratios were calculated in accordance with the relevant regulations of the *Capital Rules for Commercial Banks (Provisional)*. The advanced capital measurement approaches have been adopted to calculate capital adequacy ratios, and the regulations during the transition period have been applicable to the calculation of ratios since the second quarter of 2014.

Consolidated statement of comprehensive income

(Expressed in millions of RMB, unless otherwise stated)

	Six months ended 30 June		Change (%)
	2015	2014	
Interest income	384,194	356,473	7.78
Interest expense	(159,575)	(145,181)	9.91
Net interest income	224,619	211,292	6.31
Fee and commission income	66,520	61,854	7.54
Fee and commission expense	(2,875)	(1,674)	71.74
Net fee and commission income	63,645	60,180	5.76
Net trading gain	1,750	1,593	9.86
Dividend income	471	240	96.25
Net gain arising from investment securities	3,432	1,138	201.58
Other operating income, net:			
– Other operating income	18,767	13,938	34.65
– Other operating expense	(14,867)	(11,654)	27.57
Other operating income, net	3,900	2,284	70.75
Operating income	297,817	276,727	7.62
Operating expenses	(87,429)	(84,139)	3.91
	210,388	192,588	9.24
Impairment losses on:			
– Loans and advances to customers	(40,441)	(21,286)	89.99
– Others	(808)	(1,836)	(55.99)
Impairment losses	(41,249)	(23,122)	78.40
Share of profits less losses of associates and joint ventures	68	50	36.00
Profit before tax	169,207	169,516	(0.18)
Income tax expense	(36,963)	(38,546)	(4.11)
Net profit	132,244	130,970	0.97

Consolidated statement of comprehensive income (continued)*(Expressed in millions of RMB, unless otherwise stated)*

	Six months ended 30 June		Change
	2015	2014	(%)
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Re-measurements of post-employment benefit obligations	444	(154)	(388.31)
Other	2	-	-
Subtotal	446	(154)	(389.61)
Items that may be reclassified subsequently to profit or loss			
Gains of available-for-sale financial assets arising during the period	5,863	20,643	(71.60)
Less: Income tax relating to available-for-sale financial assets	(1,407)	(5,147)	(72.66)
Reclassification adjustments for losses included in profit or loss	(1,128)	(537)	110.06
Net (losses)/gains on cash flow hedges	(2)	168	(101.19)
Exchange difference on translating foreign operations	(902)	1,468	(161.44)
Subtotal	2,424	16,595	(85.39)
Other comprehensive income for the period, net of tax	2,870	16,441	(82.54)
Total comprehensive income for the period	135,114	147,411	(8.34)
Net profit attributable to:			
Equity shareholders of the Bank	131,895	130,662	0.94
Non-controlling interests	349	308	13.31
	132,244	130,970	0.97
Total comprehensive income attributable to:			
Equity shareholders of the Bank	134,504	146,966	(8.48)
Non-controlling interests	610	445	37.08
	135,114	147,411	(8.34)
Basic and diluted earnings per share (in RMB Yuan)	0.53	0.52	1.92

Consolidated statement of financial position

(Expressed in millions of RMB, unless otherwise stated)

	<u>30 June 2015</u>	<u>31 December 2014</u>	<u>Change (%)</u>
Assets:			
Cash and deposits with central banks	2,617,781	2,610,781	0.27
Deposits with banks and non-bank financial institutions	632,183	266,461	137.25
Precious metals	90,786	47,931	89.41
Placements with banks and non-bank financial institutions	303,425	248,525	22.09
Financial assets at fair value through profit or loss	182,851	332,235	(44.96)
Positive fair value of derivatives	21,889	13,769	58.97
Financial assets held under resale agreements	495,858	273,751	81.13
Interest receivable	100,388	91,495	9.72
Loans and advances to customers	9,889,596	9,222,910	7.23
Available-for-sale financial assets	931,818	926,170	0.61
Held-to-maturity investments	2,507,181	2,298,663	9.07
Receivables	180,282	170,801	5.55
Interests in associates and joint ventures	3,758	3,084	21.85
Fixed assets	148,979	151,607	(1.73)
Land use rights	15,490	15,758	(1.70)
Intangible assets	1,784	2,043	(12.68)
Goodwill	2,546	2,696	(5.56)
Deferred tax assets	39,555	39,436	0.30
Other assets	53,036	26,014	103.87
Total assets	<u>18,219,186</u>	<u>16,744,130</u>	8.81

Consolidated statement of financial position (continued)*(Expressed in millions of RMB, unless otherwise stated)*

	<u>30 June 2015</u>	<u>31 December 2014</u>	<u>Change (%)</u>
Liabilities:			
Borrowings from central banks	40,099	91,216	(56.04)
Deposits from banks and non-bank financial institutions	1,733,895	1,004,118	72.68
Placements from banks and non-bank financial institutions	313,734	202,402	55.01
Financial liabilities at fair value through profit or loss	205,209	296,009	(30.67)
Negative fair value of derivatives	16,939	12,373	36.90
Financial assets sold under repurchase agreements	8,495	181,528	(95.32)
Deposits from customers	13,696,977	12,898,675	6.19
Accrued staff costs	32,160	34,535	(6.88)
Taxes payable	40,809	62,644	(34.86)
Interest payable	198,692	185,874	6.90
Provisions	7,634	7,068	8.01
Debt securities issued	426,306	431,652	(1.24)
Deferred tax liabilities	519	401	29.43
Other liabilities	185,268	83,272	122.49
Total liabilities	16,906,736	15,491,767	9.13
Equity:			
Share capital	250,011	250,011	-
Capital reserve	135,835	135,391	0.33
Investment revaluation reserve	7,600	4,562	66.59
Surplus reserve	130,515	130,515	-
General reserve	185,926	169,496	9.69
Retained earnings	598,917	558,705	7.20
Exchange reserve	(7,374)	(6,501)	13.43
Total equity attributable to equity shareholders of the Bank	1,301,430	1,242,179	4.77
Non-controlling interests	11,020	10,184	8.21
Total equity	1,312,450	1,252,363	4.80
Total liabilities and equity	18,219,186	16,744,130	8.81

Consolidated statement of changes in equity

(Expressed in millions of RMB, unless otherwise stated)

	Attributable to equity shareholders of the Bank						Non-controlling interests	Total equity	
	Share capital	Capital reserve	Investment revaluation reserve	Surplus reserve	General reserve	Retained earnings			Exchange reserve
As at 31 December 2014	250,011	135,391	4,562	130,515	169,496	558,705	(6,501)	10,184	1,252,363
Movements during the period	-	444	3,038	-	16,430	40,212	(873)	836	60,087
(1) Total comprehensive income for the period	-	444	3,038	-	-	131,895	(873)	610	135,114
(2) Changes in share capital									
i Non-controlling interests of new subsidiaries	-	-	-	-	-	-	-	4	4
ii Change in shareholdings in subsidiaries	-	-	-	-	-	-	-	234	234
(3) Profit distribution									
i Appropriation to general reserve	-	-	-	-	16,430	(16,430)	-	-	-
ii Appropriation to equity shareholders	-	-	-	-	-	(75,253)	-	(12)	(75,265)
As at 30 June 2015	250,011	135,835	7,600	130,515	185,926	598,917	(7,374)	11,020	1,312,450

Consolidated statement of changes in equity (continued)

(Expressed in millions of RMB, unless otherwise stated)

	Attributable to equity shareholders of the Bank						Non-controlling interests	Total equity	
	Share capital	Capital reserve	Investment revaluation reserve	Surplus reserve	General reserve	Retained earnings			Exchange reserve
As at 31 December 2013	<u>250,011</u>	<u>135,523</u>	<u>(19,290)</u>	<u>107,970</u>	<u>153,835</u>	<u>444,084</u>	<u>(6,182)</u>	<u>8,378</u>	<u>1,074,329</u>
Movements during the period	-	14	14,822	-	15,204	40,455	1,468	720	72,683
(1) Total comprehensive income for the period	-	14	14,822	-	-	130,662	1,468	445	147,411
(2) Changes in share capital									
i Acquisition of subsidiaries	-	-	-	-	-	-	-	117	117
ii Change in shareholdings in subsidiaries	-	-	-	-	-	-	-	176	176
(3) Profit distribution									
i Appropriation to general reserve	-	-	-	-	15,204	(15,204)	-	-	-
ii Appropriation to equity shareholders	-	-	-	-	-	(75,003)	-	(18)	(75,021)
As at 30 June 2014	<u>250,011</u>	<u>135,537</u>	<u>(4,468)</u>	<u>107,970</u>	<u>169,039</u>	<u>484,539</u>	<u>(4,714)</u>	<u>9,098</u>	<u>1,147,012</u>

Consolidated statement of changes in equity (continued)

(Expressed in millions of RMB, unless otherwise stated)

	Attributable to equity shareholders of the Bank						Non-controlling interests	Total equity	
	Share capital	Capital reserve	Investment revaluation reserve	Surplus reserve	General reserve	Retained earnings			Exchange reserve
As at 31 December 2013	<u>250,011</u>	<u>135,523</u>	<u>(19,290)</u>	<u>107,970</u>	<u>153,835</u>	<u>444,084</u>	<u>(6,182)</u>	<u>8,378</u>	<u>1,074,329</u>
Movements during the year	<u>-</u>	<u>(132)</u>	<u>23,852</u>	<u>22,545</u>	<u>15,661</u>	<u>114,621</u>	<u>(319)</u>	<u>1,806</u>	<u>178,034</u>
(1) Total comprehensive income for the year	-	(132)	23,852	-	-	227,830	(319)	717	251,948
(2) Changes in share capital									
i Acquisition of subsidiaries	-	-	-	-	-	-	-	981	981
ii Change in shareholdings in subsidiaries	-	-	-	-	-	-	-	130	130
(3) Profit distribution									
i Appropriation to surplus reserve	-	-	-	22,545	-	(22,545)	-	-	-
ii Appropriation to general reserve	-	-	-	-	15,661	(15,661)	-	-	-
iii Appropriation to equity shareholders	-	-	-	-	-	(75,003)	-	(22)	(75,025)
As at 31 December 2014	<u>250,011</u>	<u>135,391</u>	<u>4,562</u>	<u>130,515</u>	<u>169,496</u>	<u>558,705</u>	<u>(6,501)</u>	<u>10,184</u>	<u>1,252,363</u>

Consolidated statement of cash flows

(Expressed in millions of RMB, unless otherwise stated)

	Six months ended 30 June	
	2015	2014
<i>Cash flows from operating activities</i>		
Profit before tax	169,207	169,516
<i>Adjustments for:</i>		
– Impairment losses	41,249	23,122
– Depreciation and amortisation	9,649	8,550
– Unwinding of discount	(1,355)	(894)
– Revaluation gain on financial instruments at fair value through profit or loss	(2,055)	(420)
– Share of profit less losses of associates and joint ventures	(68)	(50)
– Dividend income	(471)	(240)
– Unrealised foreign exchange gain	(2,781)	(1,745)
– Interest expense on bonds issued	4,664	3,744
– Net gain on disposal of investment securities	(3,432)	(1,138)
– Net loss/(gain) on disposal of fixed assets and other long-term assets	2	(11)
	<u>214,609</u>	<u>200,434</u>

Consolidated statement of cash flows (continued)*(Expressed in millions of RMB, unless otherwise stated)*

	Six months ended 30 June	
	<u>2015</u>	<u>2014</u>
<i>Cash flows from operating activities (continued)</i>		
<i>Changes in operating assets:</i>		
Net increase in deposits with central banks and with banks and non-bank financial institutions	(285,879)	(242,245)
Net increase in placements with banks and non-bank financial institutions	(25,230)	(22,882)
Net increase in loans and advances to customers	(707,240)	(589,637)
Net increase in financial assets held under resale agreements	(222,107)	(70,213)
Decrease/(Increase) in other operating assets	79,468	(13,052)
	(1,160,988)	(938,029)
<i>Changes in operating liabilities:</i>		
Net decrease in borrowings from central banks	(51,102)	(53,351)
Net increase in placements from banks and non-bank financial institutions	111,470	98,516
Net increase in deposits from customers and from banks and non-bank financial institutions	1,528,787	818,580
Net decrease in financial assets sold under repurchase agreements	(173,030)	(58,900)
Net (decrease)/increase in certificates of deposit issued	(25,478)	63,718
Income tax paid	(58,090)	(58,911)
(Decrease)/increase in other operating liabilities	(66,551)	17,463
	1,266,006	827,115
Net cash from operating activities	319,627	89,520

Consolidated statement of cash flows (continued)*(Expressed in millions of RMB, unless otherwise stated)*

	Six months ended 30 June	
	2015	2014
<i>Cash flows from investing activities</i>		
Proceeds from sale and redemption of investments	489,960	257,862
Dividends received	482	216
Proceeds from disposal of fixed assets and other long-term assets	728	455
Purchase of investment securities	(701,289)	(371,807)
Purchase of fixed assets and other long-term assets	(6,942)	(10,712)
Acquisition of subsidiaries, associates and joint ventures	(681)	(106)
Net cash used in investing activities	(217,742)	(124,092)
<i>Cash flows from financing activities</i>		
Issue of bonds	21,086	13,830
Capital contribution by non-controlling interests	238	293
Dividends paid	(2,838)	(8)
Repayment of borrowings	(882)	(12,500)
Interest paid on bonds issued	(2,751)	(1,568)
Net cash used in financing activities	14,853	47
Effect of exchange rate changes on cash and cash equivalents	(89)	2,989
Net increase/(decrease) in cash and cash equivalents	116,649	(31,536)
Cash and cash equivalents as at 1 January	353,718	440,773
Cash and cash equivalents as at 30 June	470,367	409,237
Cash flows from operating activities include:		
Interest received	374,000	334,616
Interest paid, excluding interest expense on bonds issued	(143,912)	(119,888)

Notes:

- 1** The preparation of the announcement is based on the same accounting policies adopted in the preparation of the results announcement compared to the year ended 31 December 2014.
- 2** Unless otherwise stated, the financial figures are expressed in millions of RMB.
- 3** For the purpose of this results announcement, Mainland China refers to the PRC excluding the Hong Kong Special Administrative Region of the PRC (“Hong Kong”), the Macau Special Administrative Region of the PRC and Taiwan.
- 4** **Net gain arising from investment securities**

	<u>Six months ended 30 June</u>	
	<u>2015</u>	<u>2014</u>
Net gain on sale of available-for-sale financial assets	2,174	190
Net revaluation gain reclassified from other comprehensive income on disposal	1,185	733
Net gain on sale of held-to-maturity investments	189	215
Others	(116)	-
Total	<u>3,432</u>	<u>1,138</u>

5 Operating expenses

	Six months ended 30 June	
	<u>2015</u>	<u>2014</u>
Staff costs		
– Salaries, bonuses, allowances and subsidies	27,213	25,718
– Other social insurance and welfare	3,516	3,670
– Housing funds	3,040	2,794
– Union running costs and employee education costs	977	1,062
– Defined contribution plans accrued	6,060	5,684
– Early retirement expenses	51	26
– Compensation to employees for termination of employment relationship	4	3
	<u>40,861</u>	<u>38,957</u>
Premises and equipment expenses		
– Depreciation charges	8,409	7,358
– Rent and property management expenses	4,164	3,691
– Maintenance	923	1,086
– Utilities	988	913
– Others	243	712
	<u>14,727</u>	<u>13,760</u>
Business taxes and surcharges	18,234	17,231
Amortisation expenses	1,240	1,192
Audit fees	71	72
Other general and administrative expenses	<u>12,296</u>	<u>12,927</u>
Total	<u>87,429</u>	<u>84,139</u>

6 Income tax expense

(1) Income tax expense

	Six months ended 30 June	
	<u>2015</u>	<u>2014</u>
Current tax	39,211	36,191
- Mainland China	38,370	35,970
- Hong Kong	582	93
- Other countries and regions	259	128
Adjustments for prior years	(1,216)	113
Deferred tax	(1,032)	2,242
Total	<u>36,963</u>	<u>38,546</u>

The provisions of income taxes for Mainland China and Hong Kong are calculated at 25% and 16.5% of the estimated taxable income from Mainland China and Hong Kong operations for the period respectively. Taxation for other overseas operations is charged at the appropriate current rates of taxation ruling in the relevant tax jurisdictions.

(2) Reconciliation between income tax expense and accounting profit

	Note	Six months ended 30 June	
		<u>2015</u>	<u>2014</u>
Profit before tax		<u>169,207</u>	<u>169,516</u>
Income tax calculated at statutory tax rate at 25%		<u>42,302</u>	<u>42,379</u>
Non-deductible expenses	(i)	1,968	1,048
Non-taxable income	(ii)	(6,091)	(4,994)
Adjustments on income tax for prior years which affect profit or loss		<u>(1,216)</u>	<u>113</u>
Income tax expense		<u>36,963</u>	<u>38,546</u>

(i) Non-deductible expenses primarily include losses resulting from write-off of loans, staff costs and entertainment expenses in excess of those deductible under the relevant PRC tax regulations.

(ii) Non-taxable income primarily includes interest income from PRC government bonds.

7 Earnings per share

Basic earnings per share six months ended 30 June 2015 and 2014 have been computed by dividing the net profit attributable to equity shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period. There was no difference between basic and diluted earnings per share as there were no potentially dilutive shares outstanding during the six months ended 30 June 2015 and 2014.

	Six months ended 30 June	
	<u>2015</u>	<u>2014</u>
Net profit attributable to shareholders of the Bank	131,895	130,662
Weighted average number of shares (in millions of shares)	250,011	250,011
Basic and diluted earnings per share attributable to shareholders of the Bank (in RMB Yuan)	0.53	0.52

8 Derivatives and hedge accounting

(1) Analysed by type of contract

	30 June 2015			31 December 2014		
	Notional amounts	Assets	Liabilities	Notional amounts	Assets	Liabilities
Interest rate contracts	433,184	1,812	1,453	211,495	1,558	1,376
Exchange rate contracts	2,263,820	17,171	15,187	1,560,367	10,825	10,323
Other contracts	60,229	2,906	299	28,377	1,386	674
Total	2,757,233	21,889	16,939	1,800,239	13,769	12,373

(2) Analysed by credit risk-weighted assets

	30 June 2015	31 December 2014
Counterparty credit default risk-weighted assets		
- Interest rate contracts	1,808	1,615
- Exchange rate contracts	24,909	16,211
- Other contracts	2,484	1,564
Subtotal	29,201	19,390
Credit value adjustment	13,070	7,921
Total	42,271	27,311

The notional amounts of derivatives only represent the unsettled transaction volumes as at the end of the reporting period, instead of the amounts of risk assets. Since 1 January 2013 the Group has adopted Administrative Measures for the Capital of Commercial Banks (for Trial Implementation) and other related policies. According to the new rules set out by the CBRC, the credit risk-weighted assets included credit valuation adjustments, with the considerations of the status of counterparties, maturity characteristics and back-to-back client-driven transactions.

8 Derivatives and hedge accounting (continued)

(3) Hedge accounting

The following designated hedging instruments are included in the derivative financial instruments as disclosed above.

	30 June 2015			31 December 2014		
	Notional amounts	Assets	Liabilities	Notional amounts	Assets	Liabilities
Fair value hedges						
Interest rate swaps	12,663	67	(47)	8,628	71	(59)
Foreign exchange swaps	14,566	78	(115)	-	-	-
Subtotal	27,229	145	(162)	8,628	71	(59)
Cash flow hedges						
Foreign exchange forwards	1,037	-	(11)	1,974	10	-
Total	28,266	145	(173)	10,602	81	(59)

(a) Fair value hedge

The Group uses interest rate swaps and foreign exchange swaps to hedge against changes in fair value of available-for-sale financial assets, certificates of deposit issued, loans and advances to customers arising from changes in interest rates and exchange rates.

Gains or losses on fair value hedges are as follows:

	Six months ended 30 June	
	2015	2014
Net (losses)/gains on		
– hedging instruments	(25)	27
– hedged items	25	(27)

The gain and loss arising from ineffective portion of fair value hedge was immaterial for the six month ended 30 June 2014 and 2015.

(b) Cash flow hedge

The Group uses foreign exchange forwards to hedge against exposures to cash flow variability primarily from foreign exchange risks of loans and advances to customers. The maturities of hedging instruments and hedged items are both within one year.

For the six month ended 30 June 2015, the Group's net loss from the cash flow hedge of RMB2 million was recognised in other comprehensive income (for six month ended 30 June 2014: net gain 168 million) and the gain and loss arising from ineffective portion of cash flow hedge was immaterial for six months ended 30 June 2015.

There were no transactions for which cash flow hedge accounting had to be ceased for the six months ended 30 June 2015, as a result of the highly probable cash flows no longer being expected to occur.

9 Deposits from customers

	30 June 2015	31 December 2014
Demand deposits		
- Corporate customers	4,172,369	3,996,827
- Personal customers	2,396,628	2,321,675
Subtotal	6,568,997	6,318,502
Time deposits (including call deposits)		
- Corporate customers	3,153,818	2,909,767
- Personal customers	3,974,162	3,670,406
Subtotal	7,127,980	6,580,173
Total	13,696,977	12,898,675

Deposits from customers include:

	30 June 2015	31 December 2014
(1) Pledged deposits		
- Deposits for acceptance	160,219	138,472
- Deposits for letter of credit	29,816	36,088
- Deposits for guarantee	49,083	41,572
- Others	269,683	206,447
Total	508,801	422,579
(2) Outward remittance and remittance payables	25,871	9,817

10 Profit Distribution

The Bank declared a cash dividend of RMB75,253 million for the year ended 31 December 2014 according to the profit distribution plan approved by the Annual General Meeting held on 15 June 2015.

11 Commitments and contingent liabilities

(1) Credit commitments

Credit commitments take the form of undrawn loan facilities which are approved and contracted, unutilised credit card limits, financial guarantees, letters of credit, etc. The Group assesses and makes allowance for any probable losses accordingly.

The contractual amounts of loans and credit card commitments represent the cash outflows should the contracts be fully drawn upon. The amounts of guarantees and letters of credit represent the maximum potential loss that would be recognised if counterparties failed completely to perform as contracted. Acceptances comprise undertakings by the Group to pay bills of exchange drawn on customers.

As credit commitments may expire without being drawn upon, the total of the contractual amounts set out in the following table do not represent the expected future cash outflows.

	30 June 2015	31 December 2014
Loan commitments		
- with an original maturity under one year	122,242	141,519
- with an original maturity of one year or over	243,697	278,155
Credit card commitments	557,196	507,142
	923,135	926,816
Bank acceptances	398,834	369,636
Financing guarantees	112,378	109,195
Non-financing guarantees	590,964	556,039
Sight letters of credit	18,907	20,638
Usance letters of credit	220,938	238,275
Others	34,910	58,798
Total	2,300,066	2,279,397

11 Commitments and contingent liabilities(continued)

(2) Credit risk-weighted amount

The credit risk-weighted amount refers to the amount as computed in accordance with the rules set out by the CBRC and depends on the status of the counterparty and the maturity characteristics.

	30 June	31 December
	2015	2014
Credit risk-weighted amount of contingent liabilities and commitments	<u>887,811</u>	<u>905,867</u>

(3) Operating lease commitments

The Group leases certain property and equipment under operating leases, which typically run for an initial period of one to five years and may include an option to renew the lease when all terms are renegotiated. As at the end of the reporting period, the future minimum lease payments under non-cancellable operating leases for property and equipment were as follows:

	30 June	31 December
	2015	2014
Within one year	5,461	5,234
After one year but within two years	4,306	4,295
After two years but within three years	3,278	3,227
After three years but within five years	3,419	3,615
After five years	<u>2,347</u>	<u>2,471</u>
Total	<u>18,811</u>	<u>18,842</u>

11 Commitments and contingent liabilities(continued)

(4) Capital commitments

As at the end of the reporting period, the Group had capital commitments as follows:

	30 June 2015	31 December 2014
Contracted for	5,757	5,214
Authorised but not contracted for	2,288	1,406
Total	8,045	6,620

(5) Underwriting obligations

As at 30 June 2015, there was no unexpired underwriting commitment of the Group (31 December 2014: nil).

(6) Government bonds redemption obligations

As an underwriting agent of PRC government bonds, the Group has the responsibility to buy back those bonds sold by it should the holders decide to early redeem the bonds held. The redemption price for the bonds at any time before their maturity date is based on the coupon value plus any interest unpaid and accrued up to the redemption date. Accrued interest payables to the bond holders are calculated in accordance with relevant rules of the MOF and the PBOC. The redemption price may be different from the fair value of similar instruments traded at the redemption date.

The redemption obligations, which represent the nominal value of government bonds underwritten and sold by the Group, but not yet matured as at 30 June 2015, were RMB 68,204 million (as at 31 December 2014: RMB61,633 million)

(7) Outstanding litigation and disputes

As at 30 June 2015, the Group was the defendant in certain pending litigation and disputes with gross claims of RMB6,208 million (as at 31 December 2014: RMB5,677 million). Provisions have been made for the estimated losses arising from such litigations based upon the opinions of the Group's internal and external legal counsels. The Group considers that the provisions made are reasonable and adequate.

(8) Provision against commitments and contingent liabilities

The Group assessed and made provisions for any probable outflow of economic benefits in relation to the above is committed and contingent liabilities in accordance with their accounting policies.

12 Operating segments

The Group has presented the operating segments in a manner consistent with the way in which information is reported internally to the Group's chief operating decision makers for the purposes of resource allocation and performance assessment. Measurement of segment assets and liabilities and segment income and results is based on the Group's accounting policies.

Transactions between segments are conducted under normal commercial terms and conditions. Internal charges and transfer prices are determined with reference to market rates and have been reflected in the performance of each segment. Net interest income and expense arising from internal charges and transfer pricing adjustments are referred to as "internal net interest income/expense". Interest income and expense earned from third parties are referred to as "external net interest income/expense".

Segment revenues, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment income and results are determined before intra-group transactions are eliminated as part of the consolidation process. Segment capital expenditure is the total cost incurred during the period to acquire fixed assets, intangible assets and other long-term assets.

(1) Geographical segments

The Group operates principally in Mainland China with branches covering all provinces, autonomous regions and municipalities directly under the central government, and several subsidiaries located in Mainland China. The Group also has bank branch operations in Hong Kong, Macau, Taiwan, Singapore, Frankfurt, Johannesburg, Tokyo, Seoul, New York, Sydney, Ho Chi Minh City, Luxembourg, Toronto and certain subsidiaries operating in Hong Kong, London, Moscow, Dubai, Luxembourg and British Virgin Islands, New Zealand and Sao Paulo.

In presenting information on the basis of geographical segments, operating income is allocated based on the location of the branches and subsidiaries that generate the income. Segment assets, liabilities and capital expenditure are allocated based on their geographical location.

12 Operating segments(continued)

(1) Geographical segments (continued)

Geographical segments of the Group, as defined for management reporting purposes, are defined as follows:

- “Yangtze River Delta” refers to the following areas where the tier-1 branches and the subsidiaries of the Bank operate: Shanghai Municipality, Jiangsu Province, Zhejiang Province, City of Ningbo and City of Suzhou;
- “Pearl River Delta” refers to the following areas where the tier-1 branches of the Bank operate: Guangdong Province, City of Shenzhen, Fujian Province and City of Xiamen;
- “Bohai Rim” refers to the following areas where the tier-1 branches and the subsidiaries of the Bank operate: Beijing Municipality, Shandong Province, Tianjin Municipality, Hebei Province and City of Qingdao;
- the “Central” region refers to the following areas where the tier-1 branches and the subsidiaries of the Bank operate: Shanxi Province, Guangxi Autonomous Region, Hubei Province, Henan Province, Hunan Province, Jiangxi Province, Hainan Province and Anhui Province;
- the “Western” region refers to the following areas where the tier-1 branches and the subsidiaries of the Bank operate: Sichuan Province, Chongqing Municipality, Guizhou Province, Yunnan Province, Tibet Autonomous Region, Inner Mongolia Autonomous Region, Shaanxi Province, Gansu Province, Qinghai Province, Ningxia Autonomous Region and Xinjiang Autonomous Region; and
- the “Northeastern” region refers to the following areas where the tier-1 branches and the subsidiaries of the Bank operate: Liaoning Province, Jilin Province, Heilongjiang Province and City of Dalian.

12 Operating segments (continued)

(1) Geographical segments (continued)

	Six months ended 30 June 2014								
	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central	Western	Northeastern	Head Office	Overseas	Total
External net interest income	30,445	19,012	12,354	25,967	28,462	8,769	82,890	3,393	211,292
Internal net interest income/(expense)	5,346	9,127	20,367	10,091	8,372	4,724	(58,386)	359	-
Net interest income	35,791	28,139	32,721	36,058	36,834	13,493	24,504	3,752	211,292
Net fee and commission income	10,807	9,279	9,912	10,138	7,652	3,108	8,312	972	60,180
Net trading gain	113	52	126	5	76	-	691	530	1,593
Dividend income	3	2	3	186	2	4	1	39	240
Net gain arising from investment securities	227	-	2	-	12	-	732	165	1,138
Other operating income/(expense), net	349	203	498	139	867	99	1,660	(1,531)	2,284
Operating income	47,290	37,675	43,262	46,526	45,443	16,704	35,900	3,927	276,727
Operating expenses	(14,696)	(11,613)	(13,810)	(15,952)	(14,820)	(6,246)	(5,152)	(1,850)	(84,139)
Impairment losses	(9,890)	(3,655)	(1,625)	(3,223)	(2,850)	(1,454)	(2,440)	2,015	(23,122)
Share of profits less losses of associates and joint ventures	-	-	-	5	-	-	-	45	50
Profit before tax	22,704	22,407	27,827	27,356	27,773	9,004	28,308	4,137	169,516
Capital expenditure	1,068	766	1,199	1,954	1,816	800	1,222	1,537	10,362
Depreciation and amortisation	1,380	887	1,271	1,566	1,371	740	1,220	115	8,550
	31 December 2014								
Segment assets	2,839,279	2,230,031	3,030,726	2,589,502	2,579,135	995,140	6,252,529	933,435	21,449,777
Interests in associates and joint ventures	-	-	-	955	-	-	-	2,129	3,084
	2,839,279	2,230,031	3,030,726	2,590,457	2,579,135	995,140	6,252,529	935,564	21,452,861
Deferred tax assets									39,436
Elimination									(4,748,167)
Total assets									16,744,130
Segment liabilities	2,829,616	2,226,878	3,013,946	2,580,217	2,572,912	993,889	5,143,025	879,050	20,239,533
Deferred tax liabilities									401
Elimination									(4,748,167)
Total liabilities									15,491,767
Off-balance sheet credit commitments	513,530	340,119	579,144	342,489	291,548	106,264	7,500	98,803	2,279,397

12 **Operating segments(continued)**

(2) Business segments

Business segments, as defined for management reporting purposes, are as follows:

Corporate banking

This segment represents the provision of a range of financial products and services to corporations, government agencies and financial institutions. The products and services include corporate loans, trade financing, deposit taking and wealth management services, agency services, financial consulting and advisory services, cash management services, remittance and settlement services, custody services and guarantee services, etc.

Personal banking

This segment represents the provision of a range of financial products and services to individual customers. The products and services comprise personal loans, deposit taking and wealth management services, card business, remittance services and agency services, etc.

Treasury business

This segment covers the Group's treasury operations. The treasury enters into inter-bank money market transactions, repurchase and resale transactions, and invests in debt securities. It also trades in derivatives and foreign currency for its own account. The treasury carries out customer-driven derivatives, foreign currency and precious metal trading. Its function also includes the management of the Group's overall liquidity position, including the issuance of debt securities.

Others

These represent equity investments and the revenues, results, assets and liabilities of overseas branches and subsidiaries.

12 Operating segments(continued)

(2) Business segments (continued)

	Six months ended 30 June 2015				
	Corporate banking	Personal banking	Treasury business	Others	Total
External net interest income	125,408	6,950	85,258	7,003	224,619
Internal net interest (expense)/income	(6,975)	70,732	(60,839)	(2,918)	-
Net interest income	118,433	77,682	24,419	4,085	224,619
Net fee and commission income	23,965	27,066	10,883	1,731	63,645
Net trading (loss)/gain	(2,559)	(470)	3,778	1,001	1,750
Dividend income	-	-	-	471	471
Net gain arising from investment securities	-	-	223	3,209	3,432
Other operating income/(expense), net	158	(21)	2,132	1,631	3,900
Operating income	139,997	104,257	41,435	12,128	297,817
Operating expenses	(35,486)	(42,814)	(4,047)	(5,082)	(87,429)
Impairment losses	(32,034)	(6,345)	(496)	(2,374)	(41,249)
Share of profits less losses of associates and joint ventures	-	-	-	68	68
Profit before tax	72,477	55,098	36,892	4,740	169,207
Capital expenditure	1,381	2,570	179	2,364	6,494
Depreciation and amortisation	3,088	5,745	400	416	9,649
			30 June 2015		
Segment assets	7,155,820	3,237,890	6,585,604	1,274,203	18,253,517
Interests in associates and joint ventures	-	-	-	3,758	3,758
	7,155,820	3,237,890	6,585,604	1,277,961	18,257,275
Deferred tax assets					39,555
Elimination					(77,644)
Total assets					18,219,186
Segment liabilities	8,185,033	7,171,575	236,989	1,390,264	16,983,861
Deferred tax liabilities					519
Elimination					(77,644)
Total liabilities					16,906,736
Off-balance sheet credit commitments	1,680,890	518,157	-	101,019	2,300,066

12 Operating segments (continued)

(2) Business segments (continued)

	Six months ended 30 June 2014				
	Corporate banking	Personal banking	Treasury business	Others	Total
External net interest income	110,317	9,010	86,241	5,724	211,292
Internal net interest income/(expense)	4,569	72,339	(73,676)	(3,232)	-
Net interest income	114,886	81,349	12,565	2,492	211,292
Net fee and commission income	25,966	22,650	10,101	1,463	60,180
Net trading (loss)/gain	(3,708)	(3,854)	8,615	540	1,593
Dividend income	-	-	-	240	240
Net gain arising from investment securities	-	-	609	529	1,138
Other operating income/(expense), net	147	30	2,858	(751)	2,284
Operating income	137,291	100,175	34,748	4,513	276,727
Operating expenses	(32,321)	(45,422)	(2,632)	(3,764)	(84,139)
Impairment losses	(18,122)	(5,457)	(527)	984	(23,122)
Share of profits less losses of associates and joint ventures	-	-	-	50	50
Profit before tax	86,848	49,296	31,589	1,783	169,516
Capital expenditure	2,215	6,168	166	1,814	10,363
Depreciation and amortisation	2,137	5,964	157	292	8,550
	31 December 2014				
Segment assets	6,106,160	3,005,155	6,588,297	1,056,039	16,755,651
Interests in associates and joint ventures	-	-	-	3,084	3,084
	6,106,160	3,005,155	6,588,297	1,059,123	16,758,735
Deferred tax assets					39,436
Elimination					(54,041)
Total assets					16,744,130
Segment liabilities	7,118,017	6,820,246	446,096	1,161,048	15,545,407
Deferred tax liabilities					401
Elimination					(54,041)
Total liabilities					15,491,767
Off-balance sheet credit commitments	1,705,786	474,580	-	99,031	2,279,397

Unaudited supplementary financial information

(a) Liquidity coverage ratio

	<u>Second quarter of 2015</u>	<u>First quarter of 2015</u>
Liquidity coverage ratio	126.47%	129.98%

The formula of liquidity coverage ratio is dividing high quality liquid assets by net cash outflows in the next 30 days. The Group calculate the LCR as the arithmetic mean of its LCR as at each month-end in the quarter on the basis of the regulatory requirements, definitions and accounting standards as applicable to the current period.

(b) **Currency concentrations**

	30 June 2015			
	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	Total
Spot assets	957,963	187,807	160,688	1,306,458
Spot liabilities	(873,853)	(210,197)	(138,368)	(1,222,418)
Forward purchases	1,155,270	64,539	202,297	1,422,106
Forward sales	(1,231,666)	(10,704)	(212,676)	(1,455,046)
Net options position	749	-	(153)	596
Net long position	<u>8,463</u>	<u>31,445</u>	<u>11,788</u>	<u>51,696</u>
Net structural position	<u>(23)</u>	<u>1,698</u>	<u>(6,766)</u>	<u>(5,091)</u>
	31 December 2014			
	USD (RMB equivalent)	HKD (RMB equivalent)	Others (RMB equivalent)	Total
Spot assets	741,109	186,089	120,360	1,047,558
Spot liabilities	(713,853)	(207,223)	(141,626)	(1,062,702)
Forward purchases	778,919	46,628	91,559	917,106
Forward sales	(802,482)	(19,482)	(60,739)	(882,703)
Net options position	747	-	(152)	595
Net long position	<u>4,440</u>	<u>6,012</u>	<u>9,402</u>	<u>19,854</u>
Net structural position	<u>4,506</u>	<u>1,619</u>	<u>(1,479)</u>	<u>4,646</u>

The net option position is calculated using the delta equivalent approach required by the Hong Kong Monetary Authority (the “HKMA”). The net structural position of the Group includes the structural positions of the Bank’s overseas branches, banking subsidiaries and other subsidiaries substantially involved in foreign exchange. Structural assets and liabilities include:

- investments in property and equipment, net of accumulated depreciation;
- capital and statutory reserves of overseas branches; and
- investments in overseas subsidiaries and related companies.

(c) **International claims**

The Group is principally engaged in business operations within Mainland China. The international claims of the Group is the sum of cross-border claims in all currencies and local claims in foreign currencies.

International claims include loans and advances to customers, deposits and placements with banks and non-bank financial institutions, holdings of trade bills and certificates of deposit and investment securities.

International claims have been disclosed by country or geographical area. A country or geographical area is reported where it constitutes 10% or more of the aggregate amount of international claims, after taking into account any risk transfers. Risk transfers are only made if claims are guaranteed by a party in a country which is different from that of the counterparty or if claims are on an overseas branch of a bank whose head office is located in another country.

	30 June 2015				Total
	Banks	Public sector entities	Non-bank private institutions	Others	
Asia Pacific	2,819,157	4,102,400	1,391,918	42,447	8,355,922
- of which attributed to Hong Kong	11,187	27,152	123,701	3,386	165,426
Europe	15,922	1,389	9,551	1,380	28,242
North and South America	17,165	55,384	47,707	34	120,290
Total	<u>2,852,244</u>	<u>4,159,173</u>	<u>1,449,176</u>	<u>43,861</u>	<u>8,504,454</u>

	31 December 2014				Total
	Banks	Public sector entities	Non-bank private institutions	Others	
Asia Pacific	2,136,939	3,963,143	1,044,674	61,771	7,206,527
- of which attributed to Hong Kong	9,175	22,270	179,552	2,789	213,786
Europe	9,553	2,831	9,451	1,432	23,267
North and South America	6,181	38,347	48,386	5	92,919
Total	<u>2,152,673</u>	<u>4,004,321</u>	<u>1,102,511</u>	<u>63,208</u>	<u>7,322,713</u>

(d) **Overdue loans and advances to customers by geographical sector**

	30 June	31 December
	2015	2014
Yangtze River Delta	42,921	33,320
Pearl River Delta	22,003	11,151
Western	15,796	7,555
Central	14,432	9,413
Bohai Rim	13,174	7,833
Northeastern	9,576	4,923
Head office	4,331	3,246
Overseas	2,165	1,370
Total	124,398	78,811

The above analysis represents the gross amount of loans and advances overdue for more than three months.

Loans and advances with a specific repayment date are classified as overdue when the principal or interest is overdue.

Loans and advances repayable on demand are classified as overdue when a demand for repayment has been served on the borrower but repayment has not been made in accordance with the instructions. If the loans and advances repayable on demand are outside the approved limit that was advised to the borrower, they are also considered as overdue.

Management Discussion and Analysis

FINANCIAL REVIEW

In the first half of 2015, the global economy maintained a good development momentum on the whole, whereas complexity and differentiation remained the main characteristics of the world economy. The US economy continued its moderate recovery. The Euro zone economy exhibited multiple positive signs, while Greek debt crisis negatively affected the economic and financial stability in the zone. Japanese economy gradually picked up with future prospect still subject to further observation. Some emerging economies witnessed economic slowdown and increasing fluctuations in the financial market.

Chinese economy operated within an appropriate range, as witnessed by further deepened structural adjustments and invigorated development vitality. The contribution of consumption toward economic growth was on the rise, investment in infrastructure grew rapidly and trade surplus continued to increase. The prudent monetary policy gradually produced the desired effect, demonstrated by the adequate liquidity in the banking system, rapid yet steady growth in the supply of money and credit, constantly improved loan structure, remarkably decreased interest rate and approximately steady RMB exchange rate. The reform of interest rate liberalisation progressed orderly. The floating range of RMB deposit interest rate was expanded to 1.5 times of the benchmark rate, and large-denomination certificates of deposit (CD) were launched for both corporate and personal customers.

The Group closely monitored the trend of domestic and foreign economic development and changes in macro policies, insisted on transformation and development and sound operation, strengthened risk prevention and control, and timely adjusted operation strategies, to ensure steady development of businesses and stable asset quality.

Statement of Comprehensive Income Analysis

In the first half of 2015, the Group recorded net profit of RMB132,244 million and net profit attributable to equity shareholders of the Bank of RMB131,895 million, up by 0.97% and 0.94% respectively over the same period last year. The steady growth of the Group's profitability was mainly due to the following factors: First, the interest-earning assets increased moderately, pushing up net interest income by RMB13,327 million, or 6.31% compared to the same period in 2014. Second, the Group actively explored customers and strengthened product innovation, constantly improving the comprehensive service abilities. Net fee and commission income increased by RMB3,465 million, or 5.76% over the same period last year. Third, the Group further improved its cost management and optimised its expenses structure. Cost-to-income ratio fell by 0.95 percentage points to 23.23% compared with the same period last year. In addition, the Group made prudent and sufficient provisions for impairment losses on loans and advances to customers. The expense on impairment losses was RMB41,249 million, up by 78.40% compared to the same period in 2014.

The following table sets forth the composition of the Group's statement of comprehensive income and the changes during the respective periods.

(In millions of RMB, except percentages)	Six months ended 30 June 2015	Six months ended 30 June 2014	Change (%)
Net interest income	224,619	211,292	6.31
Net non-interest income	73,198	65,435	11.86
– Net fee and commission income	63,645	60,180	5.76
Operating income	297,817	276,727	7.62
Operating expenses	(87,429)	(84,139)	3.91
Impairment losses	(41,249)	(23,122)	78.40
Share of profits less losses of associates and joint ventures	68	50	36.00
Profit before tax	169,207	169,516	(0.18)
Income tax expense	(36,963)	(38,546)	(4.11)
Net profit	132,244	130,970	0.97
Other comprehensive income for the period, net of tax	2,870	16,441	(82.54)
Total comprehensive income for the period	135,114	147,411	(8.34)

Net interest income

In the first half of 2015, the Group actively responded to challenges arising from interest rate liberalisation by constantly improving the pricing capability, optimising its assets and liabilities structure and adjusting credit structure, customer mix and debt securities investment portfolios, which positively counteracted the negative impacts of interest rate liberalisation. As a result, the Group's net interest income amounted to RMB224,619 million, an increase of RMB13,327 million, or 6.31%, over the same period last year. The net interest income accounted for 75.42% of the operating income. Net interest margin was 2.67%, a decrease of 13 basis points over the same period last year.

The following table sets forth the Group's average balances of assets and liabilities, related interest income or expense, and average yields or costs during the respective periods.

(In millions of RMB, except percentages)	Six months ended 30 June 2015			Six months ended 30 June 2014		
	Average balance	Interest income/expense	Annualised Average yield/cost (%)	Average balance	Interest income/expense	Annualised Average yield/cost (%)
Assets						
Gross loans and advances to customers	9,824,337	274,378	5.63	8,889,177	256,818	5.83
Investments in debt securities	3,494,375	70,084	4.04	3,098,388	61,821	4.03
Deposits with central banks	2,606,364	19,862	1.54	2,482,605	19,090	1.55
Deposits and placements with banks and non-bank financial institutions	729,259	14,609	4.04	540,148	12,497	4.66
Financial assets held under resale agreements	321,288	5,261	3.30	233,312	6,247	5.40
Total interest-earning assets	16,975,623	384,194	4.56	15,243,630	356,473	4.72
Total allowances for impairment losses	(266,759)			(242,119)		
Non-interest-earning assets	805,242			523,820		
Total assets	17,514,106	384,194		15,525,331	356,473	
Liabilities						
Deposits from customers	13,227,666	128,555	1.96	12,086,081	113,942	1.90
Deposits and placements from banks and non-bank financial institutions	1,705,444	19,757	2.34	1,422,684	24,976	3.55
Financial assets sold under repurchase agreements	22,098	448	4.09	9,445	82	1.75
Debt securities issued	441,922	8,961	4.09	385,045	5,801	3.05
Other interest-bearing liabilities	108,848	1,854	3.43	28,745	380	2.67
Total interest-bearing liabilities	15,505,978	159,575	2.08	13,932,000	145,181	2.10
Non-interest-bearing liabilities	801,808			932,879		
Total liabilities	16,307,786	159,575		14,864,879	145,181	
Net interest income		224,619			211,292	
Net interest spread			2.48			2.62
Net interest margin			2.67			2.80

The following table sets forth the effects of the movement of the average balances and average interest rates of the Group's assets and liabilities on the change in interest income or expense for the first half of 2015 versus that of 2014.

(In millions of RMB)	Volume factor ¹	Interest rate factor ¹	Change in interest income/expense
Assets			
Gross loans and advances to customers	26,538	(8,978)	17,560
Investments in debt securities	8,105	158	8,263
Deposits with central banks	902	(130)	772
Deposits and placements with banks and non-bank financial institutions	3,937	(1,825)	2,112
Financial assets held under resale agreements	1,907	(2,893)	(986)
Change in interest income	41,389	(13,668)	27,721
Liabilities			
Deposits from customers	10,952	3,661	14,613
Deposits and placements from banks and non-bank financial institutions	4,366	(9,585)	(5,219)
Financial assets sold under repurchase agreements	183	183	366
Debt securities issued	1,287	1,873	3,160
Other interest-bearing liabilities	1,337	137	1,474
Change in interest expense	18,125	(3,731)	14,394
Change in net interest income	23,264	(9,937)	13,327

1. Changes caused by both average balances and average interest rates were allocated to volume factor and interest rate factor respectively based on the respective proportions of absolute values of volume factor and interest rate factor.

Net interest income increased by RMB13,327 million over the same period last year. In this amount, an increase of RMB23,264 million was due to the movement of average balances of assets and liabilities, and a decrease of RMB9,937 million was due to the movement of average yields or costs.

Interest income

In the first half of 2015, the Group's interest income was RMB384,194 million, an increase of RMB27,721 million, or 7.78%, over the same period of 2014. In this amount, the proportions of interest income from loans and advances to customers, investments in debt securities, deposits with central banks, deposits and placements with banks and non-bank financial institutions and financial assets held under resale agreements were 71.42%, 18.24%, 5.17%, 3.80% and 1.37% respectively.

Interest income from loans and advances to customers

The following table sets forth the average balance, interest income and average yield of each component of the Group's loans and advances to customers.

(In millions of RMB, except percentages)	Six months ended 30 June 2015			Six months ended 30 June 2014		
	Average balance	Interest income	Average yield (%)	Average balance	Interest income	Average yield (%)
Corporate loans and advances	5,892,531	173,221	5.93	5,575,330	169,807	6.14
Short-term loans	2,012,683	55,696	5.58	2,022,885	59,675	5.95
Medium to long-term loans	3,879,848	117,525	6.11	3,552,445	110,132	6.25
Personal loans and advances	3,004,287	83,715	5.57	2,561,433	74,237	5.80
Discounted bills	187,797	3,934	4.22	96,405	3,291	6.88
Overseas operations and subsidiaries	739,722	13,508	3.68	656,009	9,483	2.92
Gross loans and advances to customers	9,824,337	274,378	5.63	8,889,177	256,818	5.83

Interest income from loans and advances to customers rose by RMB17,560 million, or 6.84% year-on-year, to RMB274,378 million, mainly because the average balance of loans and advances to customers increased by 10.52% year-on-year. Affected by the interest rate cuts and repricing of existing loans, the average yield of loans and advances to customers decreased by 20 basis points to 5.63% year-on-year.

Interest income from investments in debt securities

Interest income from investments in debt securities grew by RMB8,263 million, or 13.37%, to RMB70,084 million over the same period last year. This was mainly because the average balance of investments in debt securities increased by 12.78% year-on-year, due to the continuing optimisation of investment portfolios in debt securities and increased investments in debt securities.

Interest income from deposits with central banks

Interest income from deposits with central banks amounted to RMB19,862 million, an increase of RMB772 million, or 4.04% over the same period last year. This was mainly because the average balance of deposits with central banks increased by 4.99% year-on-year.

Interest income from deposits and placements with banks and non-bank financial institutions

Interest income from deposits and placements with banks and non-bank financial institutions grew by RMB2,112 million to RMB14,609 million, a year-on-year increase of 16.90%. This was primarily because the average balance of deposits and placements with banks and non-bank financial institutions increased by 35.01% over the same period in 2014.

Interest income from financial assets held under resale agreements

Interest income from financial assets held under resale agreements decreased by RMB986 million, or 15.78% year-on-year, to RMB5,261 million. This was mainly because the average yield of financial assets held under resale agreements decreased by 210 basis points over the same period of 2014.

Interest expense

In the first half of 2015, the Group's interest expense was RMB159,575 million, a year-on-year increase of RMB14,394 million, or 9.91%.

Interest expense on deposits from customers

The following table sets forth the average balance, interest expense and average cost of each component of the Group's deposits from customers during the respective periods.

(In millions of RMB, except percentages)	Six months ended 30 June 2015			Six months ended 30 June 2014		
	Average balance	Interest expense	Average cost (%)	Average balance	Interest expense	Average cost (%)
Corporate deposits	6,695,242	59,326	1.79	6,214,771	55,888	1.81
Demand deposits	3,835,815	14,418	0.76	3,676,242	13,601	0.75
Time deposits	2,859,427	44,908	3.14	2,538,529	42,287	3.34
Personal deposits	6,126,074	64,867	2.14	5,567,911	55,265	2.00
Demand deposits	2,283,485	4,008	0.35	2,422,319	4,456	0.36
Time deposits	3,842,589	60,859	3.17	3,145,592	50,809	3.24
Overseas operations and subsidiaries	406,350	4,362	2.16	303,399	2,789	1.86
Total deposits from customers	13,227,666	128,555	1.96	12,086,081	113,942	1.90

Interest expense on deposits from customers amounted to RMB128,555 million, representing an increase of RMB14,613 million, or 12.82%, over the same period of 2014, mainly because the average balance of deposits from customers rose by 9.45% year-on-year. The average cost increased by six basis points to 1.96% over the same period last year, mainly because the proportion of rising interest rates of deposits from customers increased with the deepening of interest rate liberalisation.

Interest expense on deposits and placements from banks and non-bank financial institutions

Interest expense on deposits and placements from banks and non-bank financial institutions reached RMB19,757 million, a decrease of RMB5,219 million, or 20.90%, over the same period in 2014, largely because the average cost of deposits and placements from banks and non-bank financial institutions decreased by 121 basis points over the same period last year.

Interest expense on financial assets sold under repurchase agreements

Interest expense on financial assets sold under repurchase agreements increased by RMB366 million or 446.34% year-on-year to RMB448 million. This was primarily because the average balance of financial assets sold under repurchase agreements increased by 133.97% and the average cost increased by 234 basis points to 4.09% over the same period last year.

Net non-interest income

The following table sets forth the composition and change of the Group's net non-interest income during the respective periods.

(In millions of RMB, except percentages)	Six months ended 30 June 2015	Six months ended 30 June 2014	Change (%)
Fee and commission income	66,520	61,854	7.54
Less: fee and commission expense	(2,875)	(1,674)	71.74
Net fee and commission income	63,645	60,180	5.76
Other net non-interest income	9,553	5,255	81.79
Total net non-interest income	73,198	65,435	11.86

In the first half of 2015, the Group's net non-interest income reached RMB73,198 million, an increase of RMB7,763 million, or 11.86% over the same period in 2014.

Net fee and commission income

The following table sets forth the composition and change of the Group's net fee and commission income during the respective periods.

(In millions of RMB, except percentages)	Six months ended 30 June 2015	Six months ended 30 June 2014	Change (%)
Fee and commission income	66,520	61,854	7.54
Bank card fees	16,735	14,662	14.14
Consultancy and advisory fees	9,809	12,822	(23.50)
Settlement and clearing fees	7,728	8,219	(5.97)
Agency service fees	11,266	7,276	54.84
Commission on trust and fiduciary activities	5,333	5,161	3.33
Wealth management service fees	6,877	4,689	46.66
Electronic banking service fees	3,382	3,281	3.08
Credit commitment fees	1,665	1,736	(4.09)
Guarantee fees	1,287	1,117	15.22
Others	2,438	2,891	(15.67)
Fee and commission expense	(2,875)	(1,674)	71.74
Net fee and commission income	63,645	60,180	5.76

In the first half of 2015, the Group's net fee and commission income increased by RMB3,465 million, or 5.76%, over the same period of 2014 to RMB63,645 million. The ratio of net fee and commission income to operating income decreased by 0.38 percentage points to 21.37% year-on-year.

Bank card fees grew by 14.14% to RMB16,735 million, of which, income from credit cards grew by over 20% due to the moderately rapid increase in the number of cards issued as well as the spending amount through credit cards; however, income from debit cards experienced negative growth as a result of strict implementation of the new government pricing policies.

Consultancy and advisory fees decreased by 23.50% to RMB9,809 million, due to the significant drop of relevant incomes following the exemption and reduction of service fees for small and micro businesses to support the development of real economy.

Settlement and clearing fees decreased by 5.97% to RMB7,728 million, mainly due to the downshift of standard rates for certain settlement services, compared with the same period last year, as a result of strict implementation of the new government pricing policies.

Agency service fees increased by 54.84% to RMB11,266 million. It was mainly because businesses such as agency fund sales and bancassurance grew well.

Commission on trust and fiduciary activities increased by 3.33% to RMB5,333 million. In this amount, securities investment funds under custody increased at a moderately fast pace in terms of both size and income, and the traditionally advantageous businesses such as financial services for housing reform grew steadily.

Wealth management service fees increased by 46.66% to RMB6,877 million. It was mainly because the size and proportion of higher-yield assets increased compared with the same period last year, due to the Group's optimisation of the allocation and structure of its wealth management assets.

Electronic banking service fees grew by 3.08% to RMB3,382 million. Despite the relatively rapid growth of the transaction volume through electronic channels, relevant incomes increased in a limited manner due to the proactive downshift of standard rates for certain electronic banking services in view of the new government pricing policies.

Going forward, the Group will remain focused on product innovation and delivering better services, continue to expand its customer base and business volume and further improve customer experience by paying close attention to market changes and business opportunities, so as to maintain the steady growth of its fee and commission income.

Other net non-interest income

The following table sets forth the composition and change of the Group's other net non-interest income during the respective periods.

(In millions of RMB, except percentages)	Six months ended 30 June 2015	Six months ended 30 June 2014	Change(%)
Net trading gain	1,750	1,593	9.86
Dividend income	471	240	96.25
Net gain arising from investment securities	3,432	1,138	201.58
Other net operating income	3,900	2,284	70.75
Total other net non-interest income	9,553	5,255	81.79

Other net non-interest income of the Group was RMB9,553 million, an increase of RMB4,298 million, or 81.79%, compared to the same period last year. It was mainly because of the investment gain from the disposal of available-for-sale equity instruments and the increase in foreign exchange gain.

Operating expenses

The following table sets forth the composition of the Group's operating expenses during the respective periods.

(In millions of RMB, except percentages)	Six months ended 30 June 2015	Six months ended 30 June 2014
Staff costs	40,861	38,957
Premises and equipment expenses	14,727	13,760
Business taxes and surcharges	18,234	17,231
Others	13,607	14,191
Total operating expenses	87,429	84,139
Cost-to-income ratio	23.23%	24.18%

In the first half of 2015, the Group enhanced cost management, and optimised expenses structure. Cost-to-income ratio fell by 0.95 percentage point to 23.23% year-on-year. The Group's operating expenses were RMB87,429 million, a year-on-year increase of RMB3,290 million, or 3.91%. In this amount, staff costs were RMB40,861 million, a year-on-year increase of RMB1,904 million, or 4.89%. Premises and equipment expenses were RMB14,727 million, a year-on-year increase of RMB967 million, or 7.03%. Other operating expenses were RMB13,607 million, a year-on-year decrease of RMB584 million or 4.12%, which was mainly due to the decrease of administrative and operating expenses following strengthened control over key expenditure items.

Impairment losses

The following table sets forth the composition of the Group's impairment losses during respective periods.

(In millions of RMB)	Six months ended 30 June 2015	Six months ended 30 June 2014
Loans and advances to customers	40,441	21,286
Investments	(141)	421
Available-for-sale financial assets	(320)	17
Held-to-maturity investments	172	320
Receivables	7	84
Others	949	1,415
Total impairment losses	41,249	23,122

In the first half of 2015, the Group's impairment losses were RMB41,249 million, an increase of RMB18,127 million year-on-year. In this amount, impairment losses on loans and advances to customers were RMB40,441 million, an increase of RMB19,155 million year-on-year. Impairment losses on investments were reversed at an amount of RMB141 million, a decrease of RMB562 million over the same period last year.

Income tax expense

In the first half of 2015, the Group's income tax expense was RMB36,963 million, down by RMB1,583 million over the same period last year. This was mainly due to the increase of tax-exempt interest income from the PRC government bonds as well as the decrease of income

tax adjustments carried forward from previous years compared with the same period last year. The effective income tax rate was 21.84%, lower than the statutory rate of 25%.

Statement of Financial Position Analysis

Assets

The following table sets forth the composition of the Group's total assets as at the dates indicated.

(In millions of RMB, except percentage)	As at 30 June 2015		As at 31 December 2014	
	Amount	% of total	Amount	% of total
Gross loans and advances to customers	10,157,079		9,474,523	
Allowances for impairment losses on loans	(267,483)		(251,613)	
Net loans and advances to customers	9,889,596	54.28	9,222,910	55.08
Investments ¹	3,802,132	20.87	3,727,869	22.26
Cash and deposits with central banks	2,617,781	14.37	2,610,781	15.59
Deposits and placements with banks and non-bank financial institutions	935,608	5.14	514,986	3.08
Financial assets held under resale agreements	495,858	2.72	273,751	1.63
Interest receivable	100,388	0.55	91,495	0.55
Other assets ²	377,823	2.07	302,338	1.81
Total assets	18,219,186	100.00	16,744,130	100.00

1. These comprise financial assets at fair value through profit or loss, available-for-sale financial assets, held-to-maturity investments and receivables.

2. These comprise precious metals, positive fair value of derivatives, interests in associates and joint ventures, fixed assets, land use rights, intangible assets, goodwill, deferred tax assets and other assets.

As at 30 June 2015, the Group's total assets stood at RMB18,219,186 million, an increase of RMB1,475,056 million, or 8.81%, over the end of last year. This was mainly due to the increases in loans and advances to customers, deposits and placements with banks and non-bank financial institutions, and financial assets held under resale agreements. With the Group's active support for the development in the real economy and people's livelihood sectors, gross loans and advances to customers reached RMB10,157,079 million, an increase of 7.20% over the end of 2014. Following the Group's adjustments of the amount of fund use in response to the liquidity situation in the market, the proportions of financial assets held under resale agreements and deposits and placements with banks and non-bank financial institutions in total assets both increased by 1.09 and 2.06 percentage points respectively, while the proportion of cash and deposits with central banks in total assets dropped by 1.22 percentage points to 14.37% due to the reduction of statutory deposit reserve ratio.

Loans and advances to customers

The following table sets forth the composition of the Group's loans and advances to customers as at the dates indicated.

(In millions of RMB, except percentages)	As at 30 June 2015		As at 31 December 2014	
	Amount	% of total	Amount	% of total
Corporate loans and advances	5,960,132	58.68	5,760,406	60.80
Short-term loans	1,950,854	19.21	1,907,304	20.13
Medium to long-term loans	4,009,278	39.47	3,853,102	40.67
Personal loans and advances	3,135,923	30.87	2,884,146	30.44
Residential mortgages	2,470,379	24.32	2,253,815	23.79
Credit card loans	358,028	3.52	329,164	3.47
Personal consumer loans	57,444	0.57	58,040	0.61
Personal business loans	70,886	0.70	75,002	0.79
Other loans ¹	179,186	1.76	168,125	1.78
Discounted bills	251,142	2.47	168,923	1.78
Overseas operations and subsidiaries	809,882	7.98	661,048	6.98
Gross loans and advances to customers	10,157,079	100.00	9,474,523	100.00

1. These comprise individual commercial property mortgage loans, home equity loans and educational loans.

As at 30 June 2015, the Group's gross loans and advances to customers rose by RMB682,556 million, or 7.20% over the end of last year, to RMB10,157,079 million.

Domestic corporate loans and advances of the Bank reached RMB5,960,132 million, an increase of RMB199,726 million, or 3.47% over the end of last year, mainly extended to infrastructure and other sectors. In this amount, short-term loans increased by RMB43,550 million, or 2.28%, and medium to long-term loans increased by RMB156,176 million, or 4.05%.

Domestic personal loans and advances of the Bank increased by RMB251,777 million, or 8.73% over the end of last year, to RMB3,135,923 million. In this amount, residential mortgages increased by RMB216,564 million, or 9.61%, mainly to support the financing needs for residential purpose. Personal consumer loans and personal business loans decreased as a result of the enhancement of loan risk control and adjustment of loan product structure.

Discounted bills increased by RMB82,219 million, or 48.67%, to RMB251,142 million over the end of last year, mainly used to meet the short-term financing needs of targeted prime customers.

Loans and advances to customers of overseas entities and subsidiaries increased by RMB148,834 million, or 22.51% over the end of last year, to RMB809,882 million, mainly attributable to the strengthened domestic and overseas business collaboration and the loan increase of domestic subsidiaries.

Distribution of loans by type of collaterals

The following table sets forth the distribution of loans and advances by type of collateral as at the dates indicated.

(In millions of RMB, except percentages)	As at 30 June 2015		As at 31 December 2014	
	Amount	% of total	Amount	% of total
Unsecured loans	2,795,410	27.52	2,544,820	26.86
Guaranteed loans	1,928,849	18.99	1,826,894	19.28
Loans secured by tangible assets other than monetary assets	4,443,704	43.75	4,223,844	44.58
Loans secured by monetary assets	989,116	9.74	878,965	9.28
Gross loans and advances to customers	10,157,079	100.00	9,474,523	100.00

Allowances for impairment losses on loans and advances to customers

(In millions of RMB)	Six months ended 30 June 2015			
	Allowances for loans and advances which are collectively assessed	Allowances for impaired loans and advances		Total
		Which are collectively assessed	Which are individually assessed	
As at 1 January	186,252	7,588	57,773	251,613
Charge for the period	4,248	3,922	37,754	45,924
Release during the period	-	(4)	(5,479)	(5,483)
Unwinding of discount	-	-	(1,355)	(1,355)
Transfers out	(586)	(16)	(14,322)	(14,924)
Write-offs	-	(1,247)	(7,809)	(9,056)
Recoveries	-	76	688	764
As at 30 June	189,914	10,319	67,250	267,483

The Group adhered to the prudent principle by fully considering the impact of changes in external environment including macro economy and government regulatory policies on credit asset quality, and made full allowances for impairment losses on loans and advances to customers. As at 30 June 2015, the allowances for impairment losses on loans and advances to customers were RMB267,483 million, an increase of RMB15,870 million over the end of last year. The ratio of allowances to NPLs was 185.29%, a decrease of 37.04 percentage points over the end of last year. The ratio of allowances to total loans stood at 2.63%, 0.03 percentage points lower than that of the end of last year.

Investments

The following table sets forth the composition of the Group's investments by nature as at the dates indicated.

(In millions of RMB, except percentages)	As at 30 June 2015		As at 31 December 2014	
	Amount	% of total	Amount	% of total
Debt securities investments	3,623,029	95.29	3,475,683	93.24
Equity instruments	18,971	0.50	18,633	0.50
Funds	9,978	0.26	1,901	0.05
Other debt instruments	150,154	3.95	231,652	6.21
Total investments	3,802,132	100.00	3,727,869	100.00

In the first half of 2015, in accordance with its annual investment and trading strategy and risk policy requirements, the Group proactively dealt with market changes to achieve the balance between risks and returns and continuously improved the yield of investment portfolios. As at 30 June 2015, the Group's investments totalled RMB3,802,132 million, an increase of RMB74,263 million, or 1.99% over the end of last year. In this amount, debt securities investments accounted for 95.29% of total investments, an increase of 2.05 percentage points over the end of last year. Other debt instruments accounted for 3.95% of total investments, a decrease of 2.26 percentage points over the end of last year.

The following table sets forth the composition of the Group's investments by holding intention as at the dates indicated.

(In millions of RMB, except percentages)	As at 30 June 2015		As at 31 December 2014	
	Amount	% of total	Amount	% of total
Financial assets at fair value through profit or loss	182,851	4.81	332,235	8.91
Available-for-sale financial assets	931,818	24.51	926,170	24.85
Held-to-maturity investments	2,507,181	65.94	2,298,663	61.66
Debt securities classified as receivables	180,282	4.74	170,801	4.58
Total investments	3,802,132	100.00	3,727,869	100.00

Debt securities investments

The following table sets forth the composition of the Group's debt instruments by currency as at the dates indicated.

(In millions of RMB, except percentages)	As at 30 June 2015		As at 31 December 2014	
	Amount	% of total	Amount	% of total
RMB	3,549,865	97.98	3,398,644	97.78
USD	35,773	0.99	28,896	0.83
HKD	14,531	0.40	25,775	0.74
Other foreign currencies	22,860	0.63	22,368	0.65
Total debt securities investments	3,623,029	100.00	3,475,683	100.00

As at 30 June 2015, total investments in debt securities increased by RMB147,346 million, or 4.24% over the end of last year, to RMB3,623,029 million. In this amount, RMB debt securities increased by RMB151,221 million, or 4.45%, while the foreign currency debt securities decreased by RMB3,875 million, or 5.03% over the end of last year.

The following table sets forth the composition of the Group's debt instruments by issuer as at the dates indicated.

(In millions of RMB, except percentages)	As at 30 June 2015		As at 31 December 2014	
	Amount	% of total	Amount	% of total
Government	1,333,127	36.79	1,234,172	35.51
Central banks	160,943	4.44	188,152	5.41
Policy banks	539,428	14.89	537,148	15.45
Banks and non-bank financial institutions	1,116,592	30.82	1,030,907	29.66
Public sector entities	20	0.01	20	0.01
Other enterprises	472,919	13.05	485,284	13.96
Total debt securities investments	3,623,029	100.00	3,475,683	100.00

Interest receivable

As at 30 June 2015, the Group's interest receivable was RMB100,388 million, an increase of RMB8,893 million, or 9.72%, over the end of last year. This was mainly due to the growth in loans and debt securities investments.

Liabilities

The following table sets forth the composition of the Group's total liabilities as at the dates indicated.

(In millions of RMB, except percentages)	As at 30 June 2015		As at 31 December 2014	
	Amount	% of total	Amount	% of total
Deposits from customers	13,696,977	81.02	12,898,675	83.26
Deposits and placements from banks and non-bank financial institutions	2,047,629	12.11	1,206,520	7.79
Financial assets sold under repurchase agreements	8,495	0.05	181,528	1.17
Debt securities issued	426,306	2.52	431,652	2.79
Other liabilities ¹	727,329	4.30	773,392	4.99
Total liabilities	16,906,736	100.00	15,491,767	100.00

1. These comprise borrowings from central banks, financial liabilities at fair value through profit or loss, negative fair value of derivatives, accrued staff costs, taxes payable, interest payable, provisions, deferred tax liabilities and other liabilities.

As at 30 June 2015, the Group's total liabilities were RMB16,906,736 million, an increase of RMB1,414,969 million, or 9.13%, over the end of 2014. In this amount, deposits from securities companies and funds increased remarkably due to the brisk domestic capital market, and deposits and placements from banks and non-bank financial institutions represented 12.11% of the Group's total liabilities, an increase of 4.32 percentage points. Deposits from customer accounted for 81.02% of total liabilities, down by 2.24 percentage points from the end of 2014. As renewed securities sold under repurchase agreements decreased, financial assets sold under repurchase agreements accounted for 0.05% of total liabilities, a decrease of 1.12 percentage points.

Deposits from customers

The following table sets forth the Group's deposits from customers by product type as at the dates indicated.

(In millions of RMB, except percentages)	As at 30 June 2015		As at 31 December 2014	
	Amount	% of total	Amount	% of total
Corporate deposits	7,059,805	51.54	6,616,671	51.30
Demand deposits	4,129,552	30.15	3,966,684	30.75
Time deposits	2,930,253	21.39	2,649,987	20.55
Personal deposits	6,259,552	45.70	5,877,014	45.56
Demand deposits	2,370,727	17.31	2,302,089	17.85
Time deposits	3,888,825	28.39	3,574,925	27.71
Overseas operations and subsidiaries	377,620	2.76	404,990	3.14
Total deposits from customers	13,696,977	100.00	12,898,675	100.00

As at 30 June 2015, the Group's total deposits from customers reached RMB13,696,977 million, an increase of RMB798,302 million, or 6.19%, over the end of 2014. In this amount, domestic time deposits of the Bank increased by RMB594,166 million, or 9.54%, and accounted for

49.78% of total deposits from customers, an increase of 1.52 percentage points over the end of 2014.

Shareholders' equity

The following table sets forth the composition of the Group's total equity as at the dates indicated.

(In millions of RMB)	As at 30 June 2015	As at 31 December 2014
Share capital	250,011	250,011
Capital reserve	135,835	135,391
Investment revaluation reserve	7,600	4,562
Surplus reserve	130,515	130,515
General reserve	185,926	169,496
Retained earnings	598,917	558,705
Exchange reserve	(7,374)	(6,501)
Total equity attributable to equity shareholders of the Bank	1,301,430	1,242,179
Non-controlling interests	11,020	10,184
Total equity	1,312,450	1,252,363

As at 30 June 2015, the Group's total equity reached RMB1,312,450 million, an increase of RMB60,087 million over the end of 2014. The ratio of total equity to total assets for the Group was 7.20%.

Off-balance sheet items

The Group's off-balance sheet items include derivatives, commitments and contingent liabilities. Derivatives include interest rate contracts, exchange rate contracts, precious metals contracts, and equity instrument contracts. Please refer to Note "Derivatives" in the "Financial Statements" of this half-year report for details on the nominal amounts and fair value of derivatives. Commitments and contingent liabilities include credit commitments, operating lease commitments, capital commitments, underwriting obligations, redemption obligations, outstanding litigation and disputes. The Group refined management over off-balance sheet activities and continued to adjust off-balance sheet items structure. Among these, credit commitments were the most significant component, with a balance of RMB2,300,066 million as at 30 June 2015, an increase of RMB20,669 million over the end of 2014. Please refer to Note "Commitments and Contingent Liabilities" in the "Financial Statements" of this half-year report for details on commitments and contingent liabilities.

Loan Quality Analysis

Distribution of loans by the five-category classification

The following table sets forth, as at the dates indicated, the distribution of the Group's loans by the five-category loan classification under which NPLs include substandard, doubtful and loss categories.

(In millions of RMB, except percentages)	As at 30 June 2015		As at 31 December 2014	
	Amount	% of total	Amount	% of total
Normal	9,729,625	95.79	9,079,893	95.84
Special mention	283,095	2.79	281,459	2.97
Substandard	79,409	0.78	55,059	0.58
Doubtful	54,707	0.54	48,239	0.51
Loss	10,243	0.10	9,873	0.10
Gross loans and advances to customers	10,157,079	100.00	9,474,523	100.00
Non-performing loans	144,359		113,171	
Non-performing loan ratio		1.42		1.19

In the first half of 2015, the Group conducted specified risk inspection for key industries, regions and products, and maintained basically stable credit asset quality through increased efforts in customer risk prevention and mitigation as well as intensified disposal of NPLs by leveraging on market-driven methods. As at 30 June 2015, the Group's NPLs were RMB144,359 million, an increase of RMB31,188 million over the end of 2014, while the NPL ratio stood at 1.42%, up by 0.23 percentage points over the end of 2014. The proportion of special mention loans was 2.79%, down by 0.18 percentage points over the end of 2014.

Distribution of loans and NPLs by product type

The following table sets forth the Group's loans and NPLs by product type as at the dates indicated.

(In millions of RMB, except percentages)	As at 30 June 2015			As at 31 December 2014		
	Loans	NPLs	NPL ratio (%)	Loans	NPLs	NPL ratio (%)
Corporate loans and advances	5,960,132	123,895	2.08	5,760,406	95,886	1.66
Short-term loans	1,950,854	84,184	4.32	1,907,304	66,894	3.51
Medium to long-term loans	4,009,278	39,711	0.99	3,853,102	28,992	0.75
Personal loans and advances	3,135,923	15,224	0.49	2,884,146	11,067	0.38
Residential mortgages	2,470,379	6,450	0.26	2,253,815	4,806	0.21
Credit card loans	358,028	3,867	1.08	329,164	2,783	0.85
Personal consumer loans	57,444	991	1.73	58,040	848	1.46
Personal business loans	70,886	2,311	3.26	75,002	1,535	2.05
Other loans ¹	179,186	1,605	0.90	168,125	1,095	0.65
Discounted bills	251,142	-	-	168,923	-	-
Overseas operations and subsidiaries	809,882	5,240	0.65	661,048	6,218	0.94
Gross loans and advances to customers	10,157,079	144,359	1.42	9,474,523	113,171	1.19

1. These comprise individual commercial property mortgage loans, home equity loans and educational loans.

As at 30 June 2015, the NPL ratio for domestic corporate loans and advances was 2.08%, an increase of 0.42 percentage points over the end of 2014, and that for personal loans and advances was 0.49%, an increase of 0.11 percentage points over the end of 2014. The NPL ratio for overseas entities and subsidiaries decreased by 0.29 percentage points to 0.65% over the end of last year.

Distribution of loans and NPLs by industry

The following table sets forth the Group's loans and NPLs by industry as at the dates indicated.

(In millions of RMB, except percentages)	As at 30 June 2015				As at 31 December 2014			
	Loans	% of total	NPLs	NPL ratio (%)	Loans	% of total	NPLs	NPL ratio (%)
Corporate loans and advances	5,960,132	58.68	123,895	2.08	5,760,406	60.80	95,886	1.66
Manufacturing	1,320,683	13.00	61,740	4.67	1,305,595	13.78	48,490	3.71
Transportation, storage and postal services	1,122,200	11.05	5,003	0.45	1,046,282	11.04	4,839	0.46
Production and supply of electric power, heat, gas and water	629,896	6.20	2,685	0.43	606,342	6.40	1,850	0.31
Real estate	519,498	5.11	7,287	1.40	520,107	5.49	5,737	1.10
Leasing and commercial services	630,233	6.21	2,282	0.36	581,267	6.14	868	0.15
- Commercial services	596,632	5.87	2,210	0.37	559,033	5.90	864	0.15
Wholesale and retail trade	388,474	3.82	27,551	7.09	378,880	4.00	23,130	6.10
Water, environment and public utility management	341,568	3.36	1,575	0.46	327,176	3.45	197	0.06
Construction	274,759	2.71	5,698	2.07	263,854	2.78	4,111	1.56
Mining	224,044	2.21	6,033	2.69	227,711	2.40	3,789	1.66
- Exploitation of petroleum and natural gas	2,935	0.03	91	3.10	6,015	0.06	-	-
Education	81,262	0.80	189	0.23	79,375	0.84	57	0.07
Information transmission, software and information technology services	22,619	0.22	1,197	5.29	21,744	0.23	1,111	5.11
- Telecommunications, broadcast and television, and satellite transmission services	13,739	0.14	507	3.69	14,367	0.15	495	3.45
Others	404,896	3.99	2,655	0.66	402,073	4.24	1,707	0.42
Personal loans and advances	3,135,923	30.87	15,224	0.49	2,884,146	30.44	11,067	0.38
Discounted bills	251,142	2.47	-	-	168,923	1.78	-	-
Overseas operations and subsidiaries	809,882	7.98	5,240	0.65	661,048	6.98	6,218	0.94
Gross loans and advances to customers	10,157,079	100.00	144,359	1.42	9,474,523	100.00	113,171	1.19

In the first half of 2015, in line with the “12th Five-Year Plan” and changes in other external policies, the Group duly optimised credit policies, re-examined credit systems, and refined customer selection criteria. It adhered to the limit management for various industries, and steadily promoted credit structural adjustments. The loan quality in infrastructure sectors basically remained stable, while manufacturing, and wholesale and retail trade witnessed notable increases in NPLs.

Restructured loans and advances to customers

The following table sets forth the Group's restructured loans and advances to customers as at the dates indicated.

(In millions of RMB, except percentages)	As at 30 June 2015		As at 31 December 2014	
	Amount	% of gross loans and advances	Amount	% of gross loans and advances
Restructured loans and advances to customers	3,856	0.04	3,073	0.03

As at 30 June 2015, restructured loans and advances to customers increased by RMB783 million to RMB3,856 million over the end of 2014, accounting for 0.04% of gross loans and advances, an increase of 0.01 percentage points over the end of last year.

Overdue loans and advances to customers

The following table sets forth the Group's overdue loans and advances to customers by overdue period as at the dates indicated.

(In millions of RMB, except percentages)	As at 30 June 2015		As at 31 December 2014	
	Amount	% of gross loans and advances	Amount	% of gross loans and advances
Overdue for no more than 3 months	77,655	0.76	54,405	0.58
Overdue for 3 months to 1 year	87,787	0.86	49,012	0.52
Overdue for 1 to 3 years	28,256	0.28	22,991	0.24
Overdue for over 3 years	8,355	0.08	6,808	0.07
Total overdue loans and advances to customers	202,053	1.98	133,216	1.41

As at 30 June 2015, overdue loans and advances to customers increased by RMB68,837 million to RMB202,053 million over the end of 2014, mainly because delinquencies increased following cash strains of certain borrowers as a result of the economic slowdown in China and intensified structural adjustments.

Differences between the Financial Statements Prepared under PRC GAAP and Those Prepared under IFRS

There is no difference in the net profit for the six months ended 30 June 2015 or total equity as at 30 June 2015 between the Group's consolidated financial statements prepared under PRC GAAP and those prepared under IFRS.

BUSINESS REVIEW

The Group's major business segments are corporate banking, personal banking, treasury business, and others including overseas operations and subsidiaries.

The following table sets forth, for the periods indicated, the profit before tax of each major business segment:

(In millions of RMB, except percentages)	Six months ended 30 June 2015		Six months ended 30 June 2014	
	Amount	% of total	Amount	% of total
Corporate banking	72,477	42.84	86,848	51.23
Personal banking	55,098	32.56	49,296	29.08
Treasury business	36,892	21.80	31,589	18.64
Others	4,740	2.80	1,783	1.05
Profit before tax	169,207	100.00	169,516	100.00

Corporate Banking

Corporate deposits

While strengthening the retention of existing customers, the Bank also improved the circulation and internal flow of funds within the bank, and focused on combination and innovation of deposit products to promote the steady growth of corporate deposits. At the end of June, domestic corporate deposits of the Bank amounted to RMB7,059,805 million, an increase of RMB443,134 million, or 6.70% over the end of last year.

Corporate loans

The Bank's corporate loans were granted at a stable and balanced pace to mainly support the development of the real economy. At the end of June, domestic corporate loans and advances of the Bank amounted to RMB5,960,132 million, an increase of RMB199,726 million, or 3.47% over the end of last year. Loans to infrastructure sectors totalled RMB2,706,970 million, an increase of RMB147,755 million over the end of last year, and accounted for 73.98% of the increase in corporate loans. Agriculture-related loans amounted to RMB1,810,938 million, and in this amount, loans to new countryside construction amounted to RMB122,185 million. The accumulated amount of loans granted to internet banking business since 2007 exceeded RMB150 billion, extending to over 17,300 customers. The Bank further expanded cooperation with the high quality platforms for internet banking, and the number of platforms in cooperation reached 92.

The Bank strictly implemented list management. The outstanding balance of credit to the five industries with severe excess capacity, including iron and steel, cement, electrolytic aluminium, plate glass, as well as the shipbuilding sector, decreased by RMB1,432 million over the end of last year to RMB175,843 million. The Bank strictly controlled the total amount of loans to government financing vehicles, and continuously optimised cash flow structures. Those classified under the regulatory category decreased by RMB15,598 million over the end of last year, and the loans fully covered by cash flows accounted for 95.71%. Property development loans were mainly extended to the high quality real estate customers and the ordinary commercial housing projects with high credit rating, good business performance and proper closed management of project funds. The outstanding balance of property development loans was RMB476,214 million, an increase of RMB4,876 million over the end of 2014.

Small enterprise business

The Bank regards small and micro enterprise business as an important strategic business in support of the real economy, and constantly promotes its subdivided, standardised and intensified business transformation and development. In the first half of 2015, the Bank leveraged big data technologies to analyse and identify customer needs, offered small credit loans to small and micro enterprises, and expanded the coverage of customer services. The Bank selected high-quality customers in batches through business communities, industrial chains and enterprise clusters, and cooperated with government bodies, such as the Ministry of Industry and Information Technology (MIIT), and local governments at various levels to establish platforms for enhancing credit, and vigorously promoted new business models including “Credit Cooperation Loan” and ratio-based re-guarantee financing. Relying on the building of integrated outlets, the Bank propelled marketing and service to familiar small and micro enterprises and increased accessibility to customers through outlets. It continued to improve internet service channels and optimise the business function of “E-banking revolving loan” so as to provide better self-service in applications, withdrawals and repayment for customers. At the end of June, according to the categorisation policy of small and medium-sized enterprises (SMEs) jointly issued by four ministries and commissions including MIIT in 2011 as well as the CBRC’s latest regulatory requirements, loans to small and micro enterprises were RMB1,215,551 million, an increase of RMB72,623 million from the end of 2014; the number of loan customers reached 247,053, an increase of 4,978; and the availability rate of loan applications of small and micro enterprises was 83.72%, higher than that of the same period last year.

Cost advisory service

Cost advisory service is the Bank’s unique fee-based business product with a strong brand. It has had a history of more than 60 years since it emerged and developed along with the Bank’s long-term practices of investment in fixed assets and being the agency of the state financial functions. The Bank’s 36 tier-one branches had the grade-A qualification for engineering cost advisory service issued by the Ministry of Housing and Urban-Rural Development, and 223 tier-two branches set up specialised units for cost advisory service. In the first half of 2015, the Bank reinforced fundamental management, pushed forward business transformation, improved specialised institutions and innovated businesses and products, contributing to continuously improved industry position and brand image. Income from cost advisory service amounted to RMB5,355 million.

Institutional business

The Bank vigorously promoted its updated “Minben Tongda” comprehensive financial services brand. With a focus on key high quality customers in areas of education, health, social security, culture and environmental protection, the Bank further expanded the range of comprehensive services. The Bank signed strategic cooperation agreements with National Tourism Administration, Huazhong University of Science and Technology, and other parties. It studied and formulated the *Guidelines for Comprehensive Marketing in Support of Vocational Education Modernisation* and *Guidelines for Comprehensive Financial Services to County-level Public Hospitals*. The application of social security products continuously expanded and 30 branches in total issued financial social security card. It ranked first among peer banks in terms of the number of customers of the central finance authorised payment and non-tax revenue collection agency service. The accumulative issuance of civil service credit card in units with financial budget continued to lead the market and the Bank was the first one among peers to pilot electronic online central non-tax revenue collection under the requirements of the Ministry of Finance. The Bank was among the first batch to become a general member of the Shanghai Clearing House to engage in foreign exchange clearing services and launched client clearing

services for RMB-FX Transaction central counterparty clearing business. The Bank also established correspondent bank relationship with nine domestic banks, and further consolidated and expanded inter-bank customer base. At the end of June, the number of “Xincunguan” customers whose securities deposits managed by the Bank as a third party totalled 30.76 million, and assets under management amounted to RMB741,741 million, both ranking first among peers. The number of futures companies with “through-train” banking services reached 153, achieving 100% coverage.

International business

International business maintained sound growth momentum. Another breakthrough was achieved in expanding its RMB clearing network, as the Bank became the RMB clearing bank in Chile, the first RMB clearing bank designated by the PBOC in South America. Through products collaboratively innovated by domestic and overseas entities, such as “risk participation in trade financing assets” and “export entrusted payment”, the Bank made further progress in broadening its financing channels and reducing financing costs for enterprises. The Bank became an industry leader for business development in special economic zones including Shanghai Free Trade Zone. More specifically, it led the market in terms of deposit balance, loan balance and cross-border financing amount under Free Trade Accounting Unit (FTU) of Shanghai Free Trade Zone. The Bank also actively participated in business innovation of China (Hangzhou) Cross-Border E-commerce Comprehensive Pilot Zone and became one of the first bank partners of the Zone. The Bank steadily expanded correspondent bank network and established head office level correspondent bank relationship with 1,479 commercial banks, covering 139 countries and regions. In the first half of 2015, international settlement volume of the Bank amounted to US\$607,873 million, a year-on-year increase of 8.70%; cross-border RMB settlement volume totalled RMB834,147 million, a year-on-year increase of 17.38%.

Asset custodial business

The Bank actively developed new businesses and products to drive the rapid development of its asset custodial business. At the end of June, the Bank’s assets under custody increased by 19.19% over the end of 2014 to RMB5.10 trillion. Securities investment funds under custody increased by 49.65% over the end of 2014 to RMB1.42 trillion. The total number of securities investment funds under custody was 514 and the number of new funds under custody was 79, both ranking first in the market. Insurance assets under custody totalled RMB1.10 trillion, up by 15.92% over the end of 2014. The Bank was the only bank among the first entities qualified as mainland sales agent for Hong Kong funds.

Pension business

Pension business developed well with positive progress in product innovation. The Bank innovatively launched Employee Stock Ownership Plan named “Yangyipuhui” and received its first order. It strengthened strategic collaboration with subsidiaries, including cooperation with CCB Life in organising the promotion meetings of two products, namely “Yangyiwuyou” and “Yangyiankang”. At the end of June, the pension assets under trusteeship in operation amounted to RMB63,586 million, up by 14.94% over the end of last year. The pension assets under custody in operation amounted to RMB153,549 million, up by 13.93% over the end of last year. The number of personal pension accounts in operation amounted to 4,235,300, an increase of 10.24% over the end of last year.

Treasury management and settlement business

Treasury management and settlement business maintained steady development. With sustained efforts made in product innovation and marketing to propel corporate treasury management and settlement products, the Bank innovatively launched more account services including online

appointment for account opening, extensively developed global treasury management business, and vigorously promoted the application of mobilised, intelligentised and self-service treasury management and settlement products and services. The market share of the Bank's strategic products including multi-model cash pool, bank notes pool and UnionPay corporate settlement card was constantly expanded, and the market influence of its treasury management service branded as "Yudao" was further promoted. At the end of June, the Bank had 5,270,200 corporate RMB settlement accounts, an increase of 410,300 over the end of last year. Settlement business volume amounted to RMB170.25 trillion, a year-on-year increase of 17.15%. The Bank had 642,800 active treasury management customers.

Personal Banking

Personal deposits

The Bank enhanced the capacity to attract deposits through high quality and highly effective products and services, maintaining a steady growth of personal deposits. At the end of June, domestic personal deposits of the Bank increased by RMB382,538 million, or 6.51%, to RMB6,259,552 million over the end of last year. In this amount, demand deposits picked up by 2.98% and time deposits increased by 8.78%.

Personal loans

The Bank's personal loans proactively met credit demands in people's livelihood sectors. It accelerated the pace of product innovation, and steadily improved customer service ability. At the end of June, domestic personal loans of the Bank increased by RMB251,777 million to RMB3,135,923 million. In this amount, residential mortgages were primarily granted to support customers to buy ordinary apartments for residential purpose, with a loan balance of RMB2,470,379 million, an increase of RMB216,564 million or 9.61% over the end of last year, with the balance and the increment both ranking first among peers. Relying on "internet +" and the application of big data, the Bank was the first among its peers to introduce the one-stop personal online self-service loan product – CCB "Quick Loan", which was highly praised by customers. Personal consumer loans were RMB57,444 million, personal business loans were RMB70,886 million and personal agriculture-related loans totalled RMB9,171 million.

Bank cards business

Credit card business

Credit card business maintained rapid development with core business indicators leading the market among peers. Its brand influence, market competitiveness, risk control ability, profitability and customer satisfaction were further improved. By building its consumer financial service ecosystem, the Bank primarily developed merchants engaged in living and productive consumption in tourism, catering, education, culture, and health care, which were closely linked to the everyday life of customers. The Bank accelerated the promotion and application of credit cards in people's livelihood sectors including electronic toll collection (ETC), medical treatment, education, and social security. By leveraging on the platform products such as global payment credit card, hot purchase Long card and automobile Long card, the Bank conducted large promotion activities such as "Credit Card Talent" and "Saturday of Long Card" for brand card owners, to enhance customer card-using experience. The Bank actively promoted revolving and instalment payment business, optimised the business process of instalment purchase of vehicles, and steadily expanded instalment payment for housing renovation. It accelerated internet-based credit card innovation to explore internet service channels in card issuance and marketing, consumer loans, and merchant operations, promoted the application of card-free payment, mobile payment, QR code payment and cloud payment, and made full use of the intelligent marketing systems at outlets to improve identification of customers and promotion of products.

The Bank continued to advance the building of its “Smart Customer Service” platform to improve the all-round customer service capability. At the end of June, the number of credit cards issued totalled 74.26 million, an increase of 8.33 million over the end of last year. The spending amount through credit cards reached RMB1,007,297 million, a year-on-year increase of 32.91%, and the loan balance was RMB358,028 million. The asset quality remained sound.

Debit card business

The Bank strengthened innovation in mobile payment and other products, by introducing “Suixinyong” mobile payment APP and “Tiexinchong” payment function, to meet customers’ needs for secure and convenient payment. It vigorously expanded business cooperation in key industries including social security, medical and health care, public transportation, community finance, culture and education, to promote the application of financial IC debit cards and E-cash Quick Pass. The Bank continued to consolidate the development base of bank card business by organising a variety of marketing activities and optimising service processes and system functions. At the end of June, the number of debit cards issued totalled 682 million, and the spending amount through debit cards reached RMB2,911,823 million. The number of financial IC debit cards issued totalled 252 million. The number of express settlement cards issued totalled 23.42 million, an increase of 8.52 million, targeted at individual business proprietors for their payment and settlement demands.

Private banking

Driven by the needs of customers themselves, their families and enterprises, private banking business focuses on wealth management, integrated finance and exclusive value-added services (including non-financial business), and strives to provide full-range, one-stop services for its private banking customers by fully integrating resources of the Group. In line with customer demands in wealth management and assets allocation, the Bank vigorously developed exclusive and customised wealth management products (WMPs), family trusts and agency service of various investment products, and optimised the platform for third-party products. In response to the comprehensive financial needs of customers themselves, their families and enterprises, the Bank integrated all kinds of financial service tools, improved functions of private banking cards and wealth management cards, innovatively launched “Sixianghuanqiu” cross-border integrated financial business, and energetically developed “Jinguanjia” personal customer (family) cash management services. To meet customer needs in family wealth inheritance and share, the Bank offered innovative advisory services in investment immigration, marital family wealth planning and family wealth inheritance, and provided selective non-financial exclusive value-added services in medical care, overseas education and international rescue. The Bank aimed to provide professional services by enhancing service capability for private banking customers, strengthening customer marketing and full-range relationship management and optimising all-channel services for private banking customers. At the end of June, the number of private banking customers with financial assets above RMB10 million grew by 12.32% over the end of last year, and the total amount customers’ financial assets increased by 20.79%.

Entrusted housing finance business

Adhering to the philosophy of “supporting housing reform and serving common people”, the Bank proactively responded to the service needs of housing fund management departments by further strengthening the promotion of scientific systems, so as to provide comprehensive and high quality financial services for housing reform. At the end of June, housing fund deposits were RMB733,104 million, while personal provident housing fund loans amounted to RMB1,298,199 million. The Bank accelerated the expansion of provident fund co-branded card, by issuing 34.83 million cards in total. The Bank steadily promoted financial services for the indemnificatory housing market, accumulatively granted personal indemnificatory housing loans

of RMB95,136 million to 605,600 low and middle-income residents, and accumulatively provided housing provident fund project loans of RMB49,265 million to 212 indemnificatory housing trial projects.

Treasury Business

Financial market business

In the first half of 2015, the Bank continued to promote the transformation and development of financial market business, focused on increasing transaction activity and the influence of financial market, and strengthened customer development and business innovation, contributing to the steadily improved profitability and risk management and control.

Money market business

By closely monitoring its liquidity position, the Bank reasonably arranged transaction maturities, anticipated cash inflow with advance planning, properly adjusted the size of its money market portfolio, and intensified fund use in the time of having adequate liquidity to increase gains from the money market. On the other side, the Bank strengthened liquidity reserve at critical time points to effectively mitigate position fluctuation and ensure liquidity safety.

Investments in debt securities

The Bank actively studied and judged the market trend, reasonably arranged investment progress, conducted trading by seizing opportunities in market moves, adjusted and optimised its investment portfolio structure to effectively generate stable returns. It closely monitored the changes in the qualifications of debt securities issuers to mitigate credit risk in the bond market. The Bank realised a sharp lead in the yield of trading accounts over the total inter-bank bond index (full price) by flexibly adjusting market making and trading strategies on its trading book.

Customer-driven foreign exchange and interest rate trading business

The Bank fully tapped its business potentials and customer needs, strengthened customer marketing and exploration, improved its market-making capabilities, and upgraded its market influence through active transactions. In the first half of 2015, the trading volume of customer-driven foreign exchange and interest rate trading business amounted to US\$284,091 million, up by 25.90% over the same period last year. The Bank also maintained its leading position in the interbank foreign exchange market in terms of comprehensive ranking.

Precious metals

The Bank constantly strengthened product innovation and customer marketing, and adopted numerous measures to increase customer transaction activity. It diversified its product offerings, completed innovation in products including the bulk commodity hedging business denominated and settled in RMB, and expanded the varieties of tradable bulk commodities to 17, including precious metals, base metals, energy and agricultural products. The Bank officially launched its PC client for precious metals trading to improve customer experience. In the first half of 2015, the total trading volume of precious metals of the Bank reached 28,000 tonnes, up by 84.05% over the same period last year.

Assets management business

The Bank accelerated the transformation and innovation of assets management business, and constantly improved customer experience and its brand image. It innovatively introduced seven categories of WMPs, including WMPs linked to gold option, WMPs linked to CSI 300 Index and structured shares pledged repo investment WMPs, to meet the wealth management needs of middle-end and high-end customers. The Bank also issued its first Public-Private-Partnership

(“PPP”) products and “BT-to-VAT” planning products to meet the diversified financing needs of customers. In the first half of 2015, the Bank independently issued 3,355 batches of WMPs with a total amount of RMB2,731,467 million to effectively meet the investment needs of customers. The balance of WMPs was RMB1,098,384 million. In this amount, the balance of non-principal-guaranteed WMPs was RMB942,759 million and the balance of principal-guaranteed WMPs was RMB155,625 million.

Investment banking business

The Bank transformed its investment banking business from a pure fund supplier to a provider of comprehensive fund operation and management services. In various business fields, including PPP, mixed ownership reform, government debt restructuring, urbanisation and mergers and acquisitions, the Bank mobilised government and non-government funds and capitalised market opportunities by setting up fund of funds (FOFs) at the head office and sub-funds at branches. In the first half of 2015, the underwriting amount of debt financing instruments for non-financial enterprises was RMB237,476 million and the underwriting amount of local government bonds amounted to RMB124,937 million. Income from financial advisory services of the Bank reached RMB3,068 million. In this amount, income from new financial advisory services totalled RMB2,600 million.

Overseas Commercial Bank Business

In the first half of 2015, the Group accelerated the expansion of overseas presence. Paris Branch, Amsterdam Branch, Barcelona Branch and Milan Branch under CCB Europe opened for business simultaneously on 30 June, with Chinese Premier of State Council Li Keqiang and French Prime Minister Manuel Valls attending the opening ceremony for CCB Europe Paris Branch to jointly unveil its nameplate. Chile Branch obtained the banking license issued by The Superintendency of Banks and Financial Institutions of Chile. London Branch officially commenced its business operation. Applications and preparations for the establishment of institutions including Zurich Branch and a subsidiary bank in Malaysia were simultaneously pushed forward. At the end of June, the Group had 18 overseas tier-one branches in Hong Kong, Singapore, Frankfurt, Johannesburg, Tokyo, Seoul, New York, Ho Chi Minh City, Sydney, Taipei, Luxembourg, Macau, Toronto, London, Paris, Amsterdam, Barcelona and Milan, six wholly-owned operating subsidiaries in Hong Kong, London, Russia, Dubai, Luxembourg and New Zealand, and a holding subsidiary bank in Brazil. Its overseas entities covered 24 countries and regions. At the end of June, the total assets of the Group’s overseas commercial banks were RMB1,046,508 million, up by 10.38% over the end of last year, and the profit before tax was RMB2,118 million, a year-on-year increase of 35.61%.

Integrated Operation Subsidiaries

The Group has established a preliminary comprehensive operating framework, and progressively improved comprehensive financial services. The Group has several domestic subsidiaries in non-banking financial sectors, including CCB Principal Asset Management, CCB Financial Leasing, CCB Trust, CCB Life, CCB Futures and CCB International. The Group has set up several subsidiary banks providing professional and differentiated services in specific industries and regions, including Sino-German Bausparkasse and 27 rural banks. The Group enhanced cross-selling and business collaboration between parent bank and subsidiaries, and actively promoted synergistic collaboration in terms of channels, customers and products, resulting in further optimised business synergy mechanism between parent bank and subsidiaries. The overall business development of integrated operation subsidiaries was in a good shape with steady business expansion. At the end of June, the total assets of integrated operation

subsidiaries were RMB242,447 million, up by 27.91% over the end of last year, and the net profit reached RMB2,160 million, a year-on-year increase of 47.62%.

Analyses by Geographical Segment

The following table sets forth, for the periods indicated, the distribution of the Group's profit before tax by geographical segment:

(In millions of RMB, except percentages)	Six months ended 30 June 2015		Six months ended 30 June 2014	
	Amount	% of total	Amount	% of total
Yangtze River Delta	20,057	11.86	22,704	13.39
Pearl River Delta	18,465	10.91	22,407	13.22
Bohai Rim	28,041	16.57	27,827	16.42
Central	26,415	15.61	27,356	16.14
Western	27,617	16.32	27,773	16.38
Northeastern	7,953	4.70	9,004	5.31
Head office	37,627	22.24	28,308	16.70
Overseas	3,032	1.79	4,137	2.44
Profit before tax	169,207	100.00	169,516	100.00

The following table sets forth, as at the dates indicated, the distribution of the Group's assets by geographical segment:

(In millions of RMB, except percentages)	As at 30 June 2015		As at 31 December 2014	
	Amount	% of total	Amount	% of total
Yangtze River Delta	3,121,737	13.29	2,839,279	13.23
Pearl River Delta	2,672,716	11.38	2,230,031	10.40
Bohai Rim	3,414,684	14.54	3,030,726	14.13
Central	2,822,546	12.02	2,590,457	12.08
Western	2,772,710	11.81	2,579,135	12.02
Northeastern	1,038,055	4.42	995,140	4.64
Head office	6,529,431	27.80	6,252,529	29.14
Overseas	1,113,237	4.74	935,564	4.36
Total assets¹	23,485,116	100.00	21,452,861	100.00

1. Total assets excluded elimination and deferred tax assets.

The following table sets forth, as at the dates indicated, the distribution of the Group's loans and NPLs by geographical segment:

(In millions of RMB, except percentages)	As at 30 June 2015				As at 31 December 2014			
	Loans and advances	% of total	NPLs	NPL ratio (%)	Loans and advances	% of total	NPLs	NPL ratio (%)
Yangtze River Delta	1,950,372	19.20	46,959	2.41	1,877,906	19.82	39,321	2.09
Pearl River Delta	1,396,008	13.74	26,226	1.88	1,299,615	13.72	17,719	1.36
Bohai Rim	1,728,682	17.02	14,848	0.86	1,633,965	17.25	10,860	0.66
Central	1,672,413	16.47	16,307	0.98	1,552,809	16.39	14,671	0.94
Western	1,752,831	17.26	18,727	1.07	1,641,394	17.32	13,039	0.79
Northeastern	595,695	5.86	12,214	2.05	562,403	5.94	8,471	1.51
Head office	370,740	3.65	4,333	1.17	342,476	3.61	3,250	0.95
Overseas	690,338	6.80	4,745	0.69	563,955	5.95	5,840	1.04
Gross loans and advances to customers	10,157,079	100.00	144,359	1.42	9,474,523	100.00	113,171	1.19

The following table sets forth, as at the dates indicated, the distribution of the Group's deposits by geographical segment:

(In millions of RMB, except percentages)	As at 30 June 2015		As at 31 December 2014	
	Amount	% of total	Amount	% of total
Yangtze River Delta	2,494,050	18.21	2,401,640	18.62
Pearl River Delta	2,048,015	14.95	1,873,077	14.52
Bohai Rim	2,562,877	18.71	2,344,928	18.18
Central	2,632,860	19.22	2,457,370	19.05
Western	2,597,889	18.97	2,457,312	19.05
Northeastern	965,170	7.05	932,976	7.23
Head office	36,302	0.26	43,358	0.34
Overseas	359,814	2.63	388,014	3.01
Total deposits from customers	13,696,977	100.00	12,898,675	100.00

Distribution Channels and Transformation of Outlets

Channels Construction

The Bank has an extensive distribution network. Through branches and sub-branches, self-service facilities, specialised service entities across the country and electronic banking service platform, the Bank provides its customers with convenient and high quality banking services.

At the end of June, the Bank had a total of 14,877 domestic operating outlets, including the head office, 37 tier-one branches, 328 tier-two branches, 11,799 sub-branches, 2,711 entities under the sub-branches and one specialised credit card centre at the head office. The number of operating outlets increased by 21 over the end of last year. The operating outlets were mainly distributed in large cities, central cities, top counties and rich towns. In the first half of 2015, the Bank accumulatively started 363 renovation projects of outlets, further improving physical environment and customer experience at the outlets and optimising the laying-out of outlets.

At the end of June, the Bank's total number of private banking centres and wealth management centres in operation reached 338; the number of small business operating centres in the form of "Credit Factory" reached 288, covering 227 cities at the prefecture level; the number of personal loan centres exceeded 1,500, and the overall layout was improved with growing brand influence. Following the example of its first smart bank in Qianhai, Shenzhen, the Bank successfully opened more smart banks in 11 cities across China, including Beijing, Shanghai and Guangzhou, delivering unprecedented experience to customers at outlets.

The Bank strove to develop electronic banking under the principle of being "intelligent, ubiquitous and cross-industry", focused foremost on mobile banking in product deployment and customer development, and reinforced channel synergy and business collaboration at the enterprise level, aiming for complete coverage of all customers and all-round enhancement of customer service capability. The electronic banking business has maintained fast and sound development. At the end of June, the volume of accounting transactions through electronic banking and self-service channel accounted for 94.32% of that through all channels, up by 6.29 percentage points over the end of last year.

Mobile finance

With the additional functions of e-account and "e-lutong for bank-securities", the Bank supported purchase of wealth management products and opening of stock trading accounts through personal mobile banking. The Bank added new options for users to choose their favoured payment items in the "Joy Life" module. The Bank also launched Pad banking and corporate mobile banking services. At the end of June, the number of mobile banking customers was 163.63 million, up by 11.47% over the end of last year; the transaction volume was RMB5.78 trillion, a year-on-year increase of 82.18%; and the number of transactions was 2,827 million, a year-on-year increase of 167.08%. The number of SMS financial service customers reached 267.44 million, an increase of 9.97% over the end of last year. The number of WeChat banking customers was 20.66 million, of which 13.67 million customers followed the Bank's WeChat official account and attached their bank accounts.

Online banking

The Bank's personal online banking added new functions including large-denomination certificates of deposit, integrated personal assets and liabilities statement and donation to designated accounts, and optimised the transfer and modification contracting functions of "Xincunguan" module to support one-to-many transactions of accounts. For corporate online banking, the Bank launched an exclusive version for major customers to meet their special

demands. Moreover, the Bank steadily advanced its overseas online banking presence with the offering of online customer service through the online banking portal of Macau Branch. At the end of June, the number of personal online banking customers increased by 8.19% to 193.32 million over the end of last year; the transaction volume was RMB23.70 trillion, a year-on-year increase of 21.16%; and the number of transactions was 6,907 million, a year-on-year increase of 179.32%. The number of corporate online banking customers reached 3.66 million, an increase of 10.78% over the end of last year; the transaction volume was RMB82.31 trillion, a year-on-year increase of 38.09%; and the number of transactions was 1.34 billion, a year-on-year increase of 29.09%.

E.ccb.com

The “e.ccb.com” website introduced its exquisite mobile platform by formally launching the mobile APP of retail mall, i.e., “CCB e-commerce Mall”. It introduced the function of direct shopping with credit card bonus points, which was widely promoted on the Bank’s internet website and in the online banking advertisements. At the end of June, “e.ccb.com” developed 57.20 thousand merchants and 11.93 million members accumulatively. The transaction volume totalled RMB29,404 million in the first half of 2015, a year-on-year increase of 53.56%.

Telephone banking

The Bank proactively built its telephone banking service system at the enterprise level, focused on promoting diversified service channels and intelligentised service modes, continuously optimised business structure and enriched service offerings. At the end of June, the number of telephone banking customers was 189.99 million, an increase of 15.97 million, or 9.18% over the end of last year.

Self-service banking

The Bank continuously expanded the self-service channels, accelerated the deployment of self-service equipment in the counties, optimised the layout of channels, and extended the scope of services. The Bank refined the management over self-service equipment and optimised equipment functions. At the end of June, there were 84,616 ATMs with cash service in operation, an increase of 3,549 over the end of last year. There were 22,541 self-service banks in operation, an increase of 1,267.

Transformation of Outlets

The Bank vigorously pushed forward the building of integrated outlets, alleviated the burden for thousands of frontline staff and promoted the transformation of comprehensive marketing services. By making innovations in integrated management of outlets, the Bank effectively enhanced resource utilisation efficiency of outlets and comprehensively improved their financial service capability and customer satisfaction.

Centring on the customers, the Bank strove to develop the platform of outlets with comprehensive services. The Bank pushed forward the transformation of its single-function business outlets and promoted the integrated teller system to provide more accessible and convenient services for its customers. At the end of June, the integrated outlets increased to 14,400, and the percentage of integrated teller rose to 84%. Customers can enjoy the convenient and comfortable “one-stop” services at the transformed outlets.

With its coordination mechanism as a guarantee, the Bank developed an outlet service system featuring “targeted marketing, collaborative services, and integrated solutions”. At the end of June, the Bank established 19,934 integrated marketing teams to carry out collaborative marketing and established the foundational collaborative marketing mechanism among posts within outlets, teams, outlets and their supervising authorities, and specialised centres. As a

result, the comprehensive marketing service ability was significantly strengthened at the outlets; customers can enjoy the thoughtful, “all-round” and “high-quality” services at the outlets.

Information Technology and Product Innovation

Information Technology

The Bank intensified its efforts in information technology with a focus on ensuring safe operations and the building of the “New Generation Core Banking System”, to support the development of its businesses. 27 projects of the first batch of Phase II of the “New Generation Core Banking System” were successfully rolled out, offering numerous new functions and features to provide much better customer and employee experience. The Bank introduced new services such as smart mobile assistant, multi-channel business reservation, and pre-filling of forms, took the lead in expanding mobile financial service channels including WeChat, Credulity and Alipay Wallet, and established a unified employee response system. A new financial services framework that enabled coordinated channels and consistent user experience was taking shape. The Bank became the first bank to support fund custodian services on the “National Equities Exchange and Quotations” and Shanghai-Hong Kong Stock Connect, launched the new personal financing product “Quick Loan”, and continued to increase financial market and corporate treasury management offerings. The Bank improved related-party transaction functions, enriched risk measurement models and launched the risk measurement central engine, with significantly improved capabilities in risk internal controls, employee services and managerial analysis. While the number of transactions grew steadily, all information systems operated reliably, with over 99.99% uptime. At the same time, the Bank made determined efforts to accelerate research and development in innovative mobile payment products, and took the lead among peers in introducing the “Suixinyong” APP and the “Tiexinchong” topping-up function, offering greater convenience to customers. The Bank also successfully completed its pilot program for the online housing fund hall in Liaoning, as well as the building and promotion of 11 smart bank outlets.

Product Innovation

Adhering to the goal of establishing an “innovative bank”, the Bank continued to enhance its capability in product innovation, so as to better support its transformation and development. The Bank innovatively launched the “PPP end-to-end financial services”, to greatly support the real economy. Leveraging on its full-license and domestic and overseas business collaboration advantages, the Bank cooperated with its branches and subsidiaries in Hong Kong, Macau, New Zealand and other regions to offer loans to micro and small enterprise secured with guarantees from overseas institutions. As part of the business collaboration between the parent bank and its subsidiaries, the Bank enhanced cooperation and innovation with CCB Futures in various business areas, including loans pledged with standard warehouse receipts, financial futures and commodity futures derivatives and bulk commodity financing. The innovative agency insurance module based on the Bank’s “New Generation Core Banking System” made various agency insurance applications available for customers, and provided comprehensive services covering the whole process of sales to both customers and the front office. In the first half of 2015, the Bank completed 386 product innovation projects, a year-on-year increase of 29.

Human Resources and Institutional Management

The following table sets forth, as at the date indicated, the geographical distribution of the Bank's branches and staff:

	As at 30 June 2015			
	Number of staff	% of total	Number of branches	% of total
Yangtze River Delta	56,319	15.38	2,463	16.52
Pearl River Delta	46,161	12.61	1,891	12.69
Bohai Rim	59,819	16.34	2,425	16.27
Central	81,951	22.39	3,599	24.15
Western	69,265	18.92	3,035	20.36
Northeastern	36,913	10.08	1,461	9.80
Head office	15,057	4.11	3	0.02
Overseas	632	0.17	29	0.19
Total	366,117	100.00	14,906	100.00

At the end of June 2015, the Bank had 366,117 staff members (in addition, the Bank had 5,847 workers dispatched by labour leasing companies). The staff members with academic qualifications of bachelor's degree or above were 223,610, or 61.08%, and the number of local employees in overseas entities was 480. In addition, the Bank assumed the expenses of 54,124 retired employees.

At the end of June 2015, the Bank had a total of 14,906 institutions, among which, there were 14,877 domestic institutions and 29 overseas institutions.

Profiles of institutions and staff in subsidiaries

The Bank had 42 subsidiaries with a total of 244 branches, among which, domestic branches reached 146 and overseas branches reached 98. The subsidiaries had 10,208 staff members (in addition, the subsidiaries had 308 workers dispatched by labour leasing companies). In this amount, there were 6,337 domestic staff members and 3,871 overseas staff members. In addition, the subsidiaries assumed the expenses of 32 retired employees.

CAPITAL MANAGEMENT

The Group has implemented the comprehensive capital management, which covers regulatory capital, economic capital and accounting capital management, including but not limited to management of capital adequacy ratio, capital planning, capital raising and economic capital.

In the first half of 2015, the Group continuously strengthened the fundamental capability of capital management and proactively promoted its business transformation towards more intensive utilisation of capital. As a result, the guiding and restraint functions of capital on business development were further upgraded.

The Group constantly enhanced its management over the execution of policies for the advanced approaches, and continued to deepen and broaden the application of internal rating results, pushing forward the constant improvement of refined capital management. By taking the opportunity arising from enhancing the implementation and application ability of the advanced approaches, the Group further improved the guiding and restraint mechanism of capital, performed in-depth analysis on the items of capital occupation and risk-weighted assets, pushed forward business structural optimisation, reduced ineffective capital occupation and constantly improved capital utilisation efficiency.

Analysis of Capital Adequacy Ratio

In accordance with the regulatory requirements, the Group has to calculate and disclose capital adequacy ratios simultaneously in accordance with the *Capital Rules for Commercial Banks (Provisional)* and the *Measures for the Management of Capital Adequacy Ratios of Commercial Banks*. The scope for calculating capital adequacy ratios includes both the Bank's domestic and overseas branches and sub-branches, and financial subsidiaries (insurance companies excluded).

Capital adequacy ratio

On 2 April 2014, the CBRC officially approved the Group's application to implement the advanced measurement approach for capital management. Thus, the Group began to adopt the advanced approaches in calculating its capital adequacy ratios from the second quarter of 2014. The capital requirements of corporate credit risk exposure that meet regulatory requirements are calculated with the foundation internal ratings-based approach, the capital requirements of retail credit risk exposure are calculated with the internal ratings-based approach, the capital requirements of market risk are calculated with the internal models approach, and the capital requirements of operational risk are calculated with the standardised approach. Pursuant to the regulatory requirements, the Group calculates capital adequacy ratios simultaneously with advanced measurement approach for capital management and other methods, and complies with the relevant capital floors.

As at 30 June 2015, considering relevant rules in the transition period, the Group's total capital ratio, tier 1 ratio and common equity tier 1 ratio, which were calculated in accordance with the *Capital Rules for Commercial Banks (Provisional)*, were 14.70%, 12.35% and 12.35%, respectively, and were in compliance with the regulatory requirements. The total capital ratio decreased by 0.17 percentage points while tier 1 ratio and common equity tier 1 ratio both increased by 0.23 percentage points compared with those as at 31 December 2014. The drop in its total capital ratio was mainly due to the slower growth rate of total capital after deductions than that of risk-weighted assets, as a result of the distribution of 2014 dividends in the first half of 2015 and the decrease of unqualified subordinated debt securities that may be included in capital.

The following table sets forth, as at the dates indicated, the information related to the capital adequacy ratios of the Group and the Bank.

	As at 30 June 2015		As at 31 December 2014	
	The Group	The Bank	The Group	The Bank
(In millions of RMB, except percentages)				
Capital adequacy ratios in accordance with the <i>Capital Rules for Commercial Banks (Provisional)</i>				
Total capital after deductions:				
Common Equity Tier 1	1,295,600	1,220,902	1,236,730	1,166,760
Tier 1 capital	1,295,762	1,220,902	1,236,767	1,166,760
Total capital	1,542,123	1,465,232	1,516,928	1,445,219
Capital adequacy ratios:				
Common Equity Tier 1 ratio	12.35%	12.12%	12.12%	11.78%
Tier 1 ratio	12.35%	12.12%	12.12%	11.78%
Total capital ratio	14.70%	14.54%	14.87%	14.59%
Capital adequacy ratios in accordance with the <i>Measures for the Management of Capital Adequacy Ratios of Commercial Banks</i>				
Core capital adequacy ratio	12.13%	12.11%	12.09%	12.02%
Capital adequacy ratio	14.80%	14.54%	14.71%	14.39%

Composition of capital

The following table sets forth, as at the dates indicated, the information related to the composition of capital of the Group in accordance with the *Capital Rules for Commercial Banks (Provisional)*.

(In millions of RMB)	As at 30 June 2015	As at 31 December 2014
Common Equity Tier 1 capital		
Qualifying common share capital	250,011	250,011
Capital reserve ¹	142,976	139,761
Surplus reserve	130,515	130,515
General reserve	185,908	169,478
Retained earnings	596,732	556,756
Non-controlling interest given recognition in Common Equity Tier 1 capital	4,293	4,456
Others ²	(7,245)	(6,262)
Deductions for Common Equity Tier 1 capital		
Goodwill ³	2,351	2,501
Other intangible assets (excluding land use right) ³	1,349	1,592
Cash-flow hedge reserve	(12)	(10)
Investments in common equity of financial institutions being controlled but outside the scope of regulatory consolidation	3,902	3,902
Additional Tier 1 capital		
Non-controlling interest given recognition in Additional Tier 1 capital	162	37
Tier 2 capital		
Directly issued qualifying Tier 2 instruments including related stock surplus	146,170	149,839
Provisions in Tier 2	98,111	127,878
Non-controlling interest given recognition in Tier 2 capital	2,080	2,444
Common Equity Tier 1 capital after deduction⁴	1,295,600	1,236,730
Tier 1 capital after deduction⁴	1,295,762	1,236,767
Total capital after deduction⁴	1,542,123	1,516,928

1. The investment revaluation reserve is included in capital reserve.
2. Others mainly contain foreign exchange reserve.
3. Both balances of goodwill and other intangible assets (excluding land use right) are the net amounts after deducting relevant deferred tax liabilities.
4. Common Equity Tier 1 capital after deduction is calculated by netting off the corresponding deduction items from the Common Equity Tier 1 capital. Tier 1 capital after deduction is calculated by netting off the corresponding deduction items from the Tier 1 capital. Total capital after deduction is calculated by netting off the corresponding deduction items from the total capital.

Risk-weighted assets

The following table sets forth, as at the dates indicated, the information related to the risk-weighted assets of the Group in accordance with the *Capital Rules for Commercial Banks (Provisional)*.

(In millions of RMB)	As at 30 June 2015	As at 31 December 2014
Credit risk-weighted assets	9,347,290	8,739,574
Covered by internal ratings-based approach	7,250,643	7,020,935
Uncovered by internal ratings-based approach	2,096,647	1,718,639
Market risk-weighted assets	62,373	54,302
Covered by internal models approach	34,771	35,137
Uncovered by internal models approach	27,602	19,165
Operational risk-weighted assets	915,727	915,727
Additional risk-weighted assets arising from the application of capital floors	165,259	494,040
Total risk-weighted assets	10,490,649	10,203,643

Credit risk exposure

The following table sets forth, as at the dates indicated, the information related to the credit risk exposure of the Group in accordance with the *Capital Rules for Commercial Banks (Provisional)*.

(In millions of RMB)	As at 30 June 2015	As at 31 December 2014
	Exposure at default	Exposure at default
Covered by internal ratings-based approach	10,233,798	9,751,490
Corporate risk exposure	7,089,169	6,869,764
Retail risk exposure	3,144,629	2,881,726
	Risk exposure	Risk exposure
Uncovered by internal ratings-based approach	9,727,038	8,564,059
On-balance sheet credit risks exposure	9,446,434	8,347,294
Of which: Securitisation risk exposure	4,155	5,304
Off-balance sheet credit risk exposure	235,885	188,639
Counterparty credit risk exposure	44,719	28,126

Capital requirements of market risks

The Group's capital requirements of market risks are calculated with the internal models approach. Requirements uncovered by the internal models approach are calculated with the standardised approach. The following table sets forth, as at the dates indicated, the information related to capital requirements of various market risks.

(In millions of RMB)	As at 30 June 2015	As at 31 December 2014
	Capital requirements	Capital requirements
Covered by internal models approach	2,782	2,811
Uncovered by internal models approach	2,208	1,533
Interest rate risk	686	1,052
Equity position risk	137	142
Foreign exchange risk	1,385	339
Commodity risk	-	-
Option risk	-	-
Total	4,990	4,344

The following table sets forth, for the six months ended 30 June 2015, the information related to the value at risk (VaR) and stressed value at risk (stressed VaR) of market risks calculated with the internal models approach. The VaR and stressed VaR are calculated with historical simulation approach, whose historical observation periods are both one year with a holding period of ten days and at a confidence level of 99%. VaR and stressed VaR respectively reflect the maximum losses with probability calculated with the latest historical scenario and one-year historical scenario that exerts significant pressure on the Bank's assets.

(In millions of RMB)	Six months ended 30 June 2015			
	Average	Highest	Lowest	Period end
Value at risk (VaR)	286	1,432	115	232
Stressed value at risk (Stressed VaR)	578	1,432	256	616

Equity risk exposure of banking book

The following table sets forth, as at the dates indicated, the information related to the equity risk exposure of banking book and the unrealised potential risk gains or losses of the Group.

(In millions of RMB)	As at 30 June 2015			As at 31 December 2014		
	Publicly traded equity risk exposures ¹	Non-publicly traded equity risk exposures ¹	Unrealised potential risk gains or losses ²	Publicly traded equity risk exposures ¹	Non-publicly traded equity risk exposures ¹	Unrealised potential risk gains or losses ²
Invested institution categories						
Financial institutions	2,140	1,555	1,100	2,036	1,566	1,030
Non-financial institutions	2,974	5,432	1,586	4,583	5,466	2,071
Total	5,114	6,987	2,686	6,619	7,032	3,101

- Publicly traded equity risk exposures are the equity risk exposures of invested institutions that are listed companies. Non-publicly traded equity risk exposures are the equity risk exposures of invested institutions that are unlisted companies.
- Unrealised potential risk gains or losses are the portion of gains or losses that have been recognised in the balance sheet but not in the income statement.

LEVERAGE RATIO

From the first quarter of 2015, the Group calculated the leverage ratio in accordance with the *Measures for the Administration of the Leverage Ratio of Commercial Banks (revised)* promulgated by the CBRC in January 2015. As at 30 June 2015, the Group's leverage ratio was 6.69%, in compliance with the regulatory requirements. Compared to the first quarter, the Group's leverage ratio went down by 0.19 percentage points, mainly due to the slower growth rate of tier 1 capital after deductions than that of on and off-balance sheet assets, as a result of the Bank's distribution of 2014 dividends in the second quarter of 2015.

The following table sets forth, as at the dates indicated, the general information on the Group's leverage ratio.

(In millions of RMB, except percentages)	As at 30 June 2015	As at 31 March 2015
Leverage ratio	6.69%	6.88%
Tier 1 capital after deductions	1,295,762	1,299,833
On and off-balance sheet assets after adjustments	19,372,182	18,902,608

1. Leverage ratio is calculated in accordance with relevant regulatory requirements. The tier 1 capital after deductions is consistent with that used in the calculation of capital adequacy ratio by the Group.
2. On and off-balance sheet assets after adjustments = On-balance sheet assets after adjustments + Off-balance sheet items after adjustments – Deductions from tier 1 capital.

The following table sets forth, as at the date indicated, the detailed items that constitute the on and off-balance sheet assets after adjustments used in the calculation of the Group's leverage ratio, and their differences with the accounting items.

(In millions of RMB)	As at 30 June 2015
Total on-balance sheet assets ¹	18,219,186
Consolidated adjustment ²	(48,914)
Customer assets adjustment	-
Derivatives adjustment	23,945
Securities financing transactions adjustment	743
Off-balance sheet items adjustment ³	1,184,812
Other adjustments ⁴	(7,590)
On and off-balance sheet assets after adjustments	19,372,182

1. Total on-balance sheet assets refer to the one calculated in accordance with financial and accounting standards.
2. Consolidated adjustment refers to the difference between regulatory consolidated total asset and accounting consolidated total asset.
3. Off-balance sheet items adjustment refers to the balance of off-balance sheet items after being multiplied by credit conversion factor in accordance with the *Measures for the Administration of the Leverage Ratio of Commercial Banks (revised)*.
4. Other adjustments mainly comprise deductions from tier 1 capital.

The following table sets forth, as at the date indicated, the information related to the Group's leverage ratio, tier 1 capital after deductions, on and off-balance sheet assets after adjustments and relevant detailed items.

(In millions of RMB, except percentages)	As at 30 June 2015
On-balance sheet assets (excluding derivatives and securities financing transactions) ¹	17,653,014
Less: Deductions from tier 1 capital	(7,590)
On-balance sheet assets after adjustments (excluding derivatives and securities financing transactions)	17,645,424
Replacement costs of various derivatives (excluding eligible margin)	17,247
Potential risk exposures of various derivatives	28,465
Total collaterals deducted from the balance sheet	-
Less: Assets receivable arising from the provision of eligible margin	-
Less: Derivative assets arising from central counterparty transactions while providing clearing services to customers	-
Nominal principals arising from sales of credit derivatives	-
Less: Deductible assets arising from sales of credit derivatives	-
Derivative assets	45,712
Accounting assets arising from securities financing transactions	495,491
Less: Deductible assets arising from securities financing transactions	-
Counterparty credit risk exposure arising from securities financing transactions	743
Assets arising from the agency services in connection with securities financing transactions	-
Securities financing transactions assets	496,234
Off-balance sheet assets	2,300,066
Less: Decrease in off-balance sheet assets due to credit conversion	(1,115,254)
Off-balance sheet assets after adjustments	1,184,812
Tier 1 capital after deductions	1,295,762
On and off-balance sheet assets after adjustments	19,372,182
Leverage ratio²	6.69%

1. These refer to on-balance sheet assets excluding derivatives and securities financing transactions on a regulatory consolidated basis.
2. Leverage ratio is calculated by dividing tier 1 capital after deductions by on and off-balance sheet assets after adjustments.

PROSPECTS

In the second half of 2015, the global economy as a whole will continue its recovery, with complexity and differentiation being the main characteristics of world economic development in a relatively long period. Against the background of global adjustment, Chinese economy enters a “new normal” featuring the transformation of economic development model and economic structural adjustments. With the gradual unfolding of the influence of a series of national policies aiming at promoting steady growth and development, Chinese economy is expected to grow by 7% this year.

The banking industry faces both challenges and opportunities. With respect to challenges, as the economic growth slows down and certain businesses and industries suffer operational difficulties, the banking industry comes under pressure for maintaining the asset quality. Interest spread shows evident narrowing trend with greater pressure in profitability due to the promotion of interest rate liberalisation. Both foreign exchange risk and market risk increase as a result of volatile exchange rates and bulk commodity prices. On the other hand, the implementation of major strategies, such as “One Belt and One Road”, “Going Global”, “Coordinated Development for the Beijing-Tianjin-Hebei Region”, “Yangtze Economic Belt”, free trade zones and regional revitalisation schemes, brings enormous business potentials and opportunities. The internationalisation of RMB facilitates the development of international and overseas businesses. The rapid development of domestic financial market creates new opportunities in asset management, transaction-related businesses, agency and intermediary services as well as subsidiary business for the banking industry.

In the second half of 2015, the Group will adhere to the strategy that focuses on customers and transformation to be better positioned to take advantages of opportunities arising from economic transformation and upgrading as well as introduction of various new policies, and further improve its ability in value creation and service delivery. Efforts will be made in the following areas. First, the Group will further deepen reforms and push forward the implementation of its transformation and development strategy. It will endeavor to provide comprehensive financial services for customers and accelerate the development of key businesses in financial market, asset management, treasury management, investment custody, credit card, pension and underwriting of debt securities. Second, the Group will continue to optimise its business operations and reasonably arrange the size and structure of its asset and liability portfolio. It will provide stronger support to the real economy by leveraging on its traditional competitive advantages to support the construction of national major projects and in key areas. Third, the Group will strengthen management to improve its pricing and innovation capabilities and enhance its service quality. Fourth, the Group will firmly hold the risk bottom line and strengthen risk management, to realise the transformation from passively responding to risk situations to proactively managing risks. With intensified efforts in risk screening and early warning, the Group will strive to mitigate risks while maintaining steady growth.

OTHER INFORMATION

Corporate Governance

The Bank continued to improve its corporate governance structure in strict compliance with the *Company Law of the People's Republic of China*, the *Law of the People's Republic of China on Commercial Banks* and other laws and regulations, as well as the listing rules of the relevant stock exchanges, based on its practical conditions, in order to enhance its corporate governance.

During the reporting period, the general meeting of the Bank reviewed and approved the resolutions of electing directors. In order to achieve the strategic goals of the Bank, promote sustainable development and diversify the composition of the Board, the Bank formulated the *Diversity Policy for the Board of Directors* in August 2013. For nomination of directors, the Board should consider both professional capabilities and working ethics of the candidates, and at the same time, take into account the requirements under the diversity policy. The candidates should be selected as complementary to one another, with diversified backgrounds in terms of gender, age, cultural and educational background, professional experience, specialty, knowledge and term of service. The final decision should be based on candidates' overall competence and possible contributions to the Board. Nomination and Remuneration Committee supervises the implementation of the *Diversity Policy for the Board of Directors*.

The Bank has complied with the code provisions of the *Corporate Governance Code* and *Corporate Governance Report* as set out in Appendix 14 to the Listing Rules of Hong Kong Stock Exchange. The Bank has also substantially complied with the recommended best practices therein.

Formulation and Implementation of Cash Dividend Policy

As approved by the 2014 annual general meeting of the Bank, the Bank distributed the 2014 cash dividend of RMB0.301 per share (including tax), totalling RMB2,888 million, on 1 July 2015 to all of its holders of A-shares whose names appeared on the register of members on 30 June 2015. It distributed the 2014 cash dividend of RMB0.301 per share (including tax), totalling RMB72,365 million, on 24 July 2015 to all of its holders of H-shares whose names appeared on the register of members on 30 June 2015. The Bank would not distribute 2015 interim dividend nor did it propose any capitalisation of capital reserve into share capital during the reporting period.

Pursuant to the *Articles of Association* of the Bank, the after-tax profits of the Bank shall be distributed in accordance with the following order: making up for the losses of the previous years, allocating the statutory reserve fund, allocating general reserve fund, allocating discretionary reserve fund and paying the dividend to the shareholders. The dividend may be distributed in the form of cash, shares or a combination of cash and shares.

The Bank has sound procedures and mechanism for the decision-making of profit distribution. During the process of drafting the profit distribution plan, the Board extensively collected the opinions and requests from the shareholders, protected the legal rights and interests of the small and medium investors, and submitted the profit distribution plan to the general meeting for approval. The independent directors conducted due diligence and played their due roles diligently in the decision-making process of the profit distribution plan. The Bank attaches great importance to the return of shareholders, and constantly pays cash dividends to the shareholders.

Purchase, Sale and Redemption of Shares

During the reporting period, there was no purchase, sale or redemption of the shares of the Bank by the Bank or any of its subsidiaries.

Directors and Supervisors' Securities Transactions

The Bank has adopted a code of practice in relation to securities transactions by directors and supervisors as set out in the *Model Code for Securities Transactions by Directors of Listed Issuers* in Appendix 10 of the Listing Rules of Hong Kong Stock Exchange. All directors and supervisors had complied with the provisions of this code during the six months up to 30 June 2015.

Review of Half-Year Report

The Group's 2015 half-year financial statements prepared under PRC GAAP have been reviewed by PricewaterhouseCoopers Zhong Tian LLP and the Group's 2015 half-year financial statements prepared under IFRS have been reviewed by PricewaterhouseCoopers.

The Group's half-year report has been reviewed by the audit committee of the Bank.

By order of the board of directors

CHINA CONSTRUCTION BANK CORPORATION

Wang Zuji

Vice chairman, executive director and president

28 August 2015

As of the date of this announcement, the Bank's executive directors are Mr. Wang Hongzhang, Mr. Wang Zuji, Mr. Pang Xiusheng and Mr. Zhang Gengsheng; non-executive directors are Ms. Chen Yuanling, Ms. Hao Aiqun, Mr. Xu Tie, Mr. Guo Yanpeng and Mr. Dong Shi; and independent non-executive directors are Mr. Zhang Long, Ms. Elaine La Roche, Mr. Chung Shui Ming Timpson, Mr. Wim Kok, Mr. Murray Horn and Ms. Margaret Leung Ko May Yee.